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# MAGAZINE WALL STREET

JULY  
14<sup>th</sup>  
1928

Vol. 42. No. 6

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July 14th, 1928

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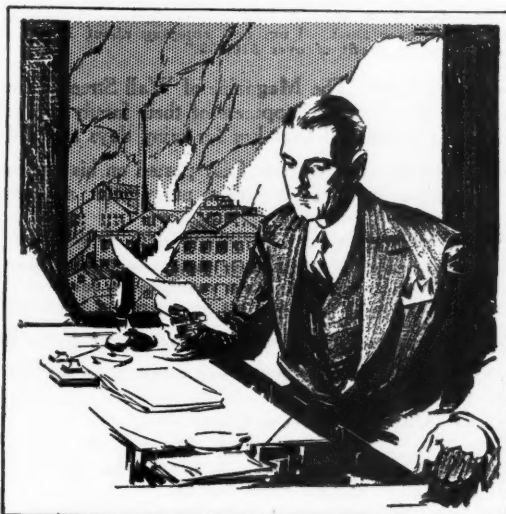
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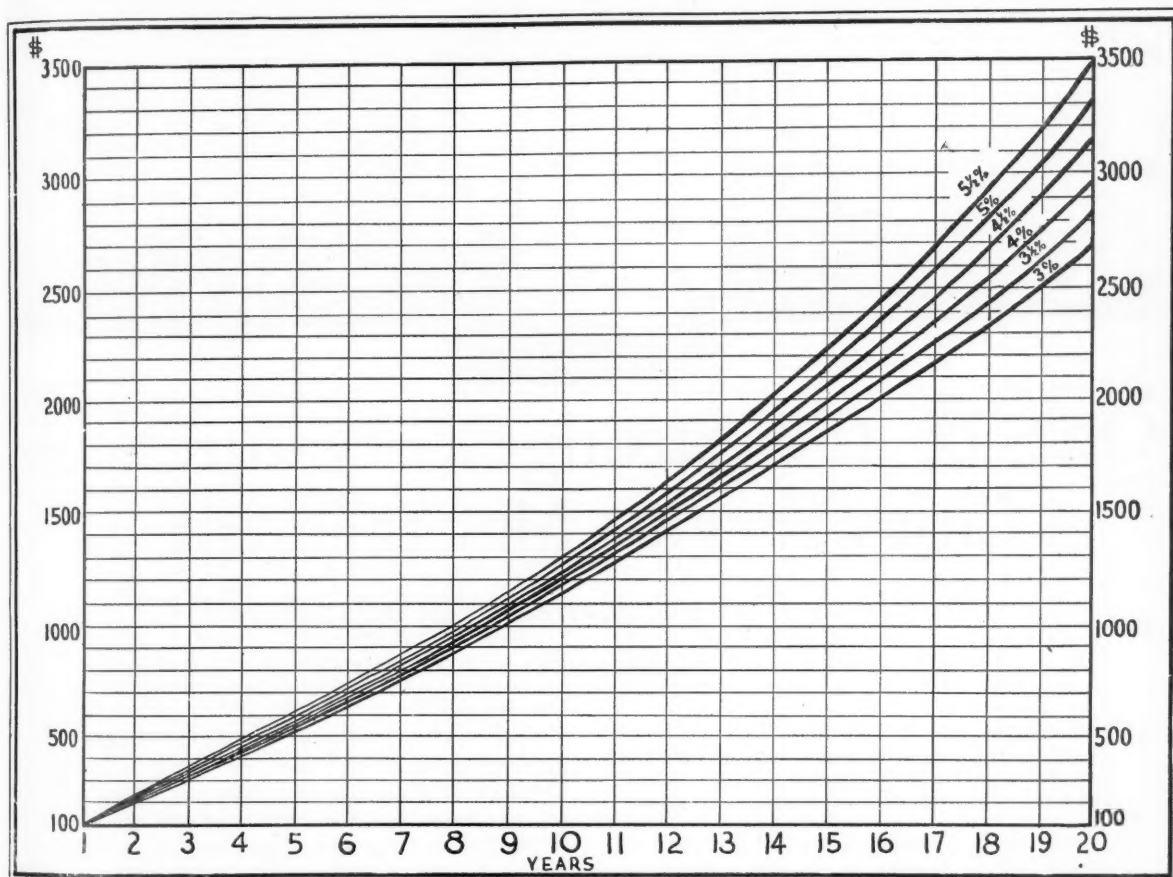
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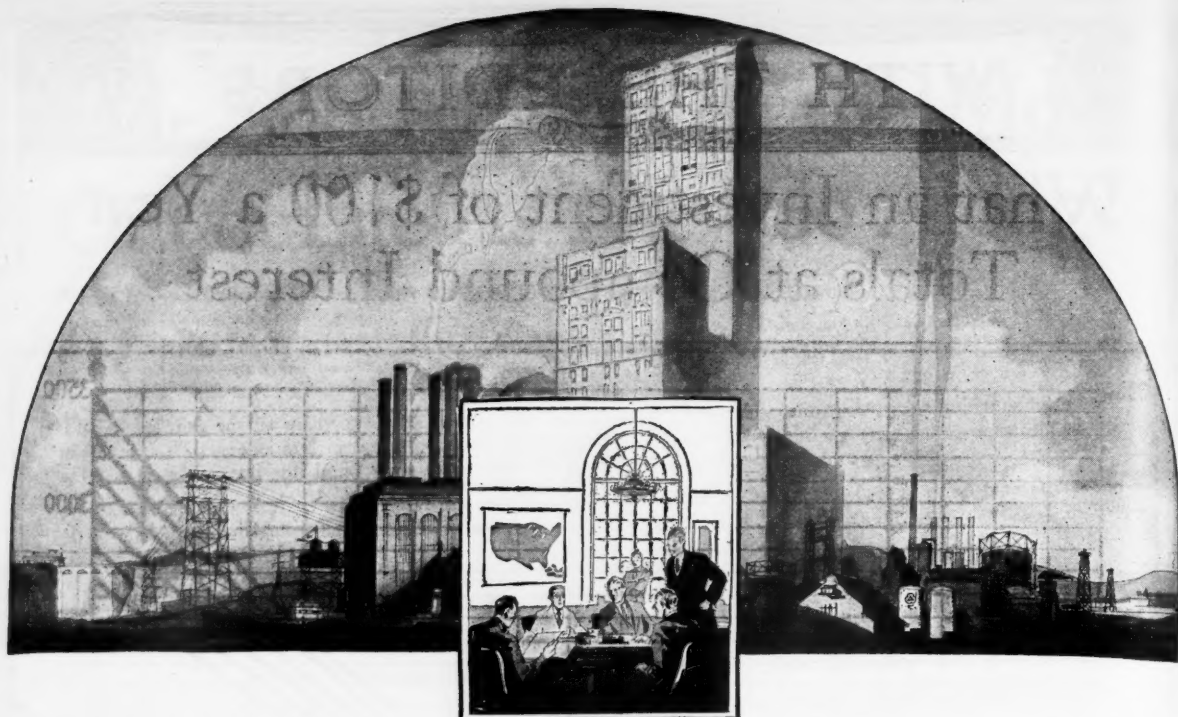
### What an Investment of \$100 a Year Totals at Compound Interest



### Yearly Amounts to Be Invested, Which in 20 Years Will Give a Principal Sum Yielding a Fixed Income

Principal Sum	Income at 5% on Principal Sum	Amount to be Invested Annually at Varying Rates of Interest to Produce Principal Sum		
		4%	5%	6%
\$20,000	\$1,000	\$671.06	\$604.85	\$543.62
30,000	1,500	1,006.59	907.28	815.43
40,000	2,000	1,342.12	1,209.70	1,087.24
50,000	2,500	1,677.65	1,512.13	1,359.05
60,000	3,000	2,013.18	1,814.55	1,630.86

Principal Sum	Income at 5% on Principal Sum	Amount to be Invested Annually at Varying Rates of Interest to Produce Principal Sum		
		4%	5%	6%
\$80,000	\$4,000	\$2,684.24	\$2,419.40	\$2,174.48
100,000	5,000	3,355.30	3,024.26	2,718.10
120,000	6,000	4,026.36	3,629.10	3,261.72
160,000	8,000	5,368.48	4,838.80	4,348.96
200,000	10,000	6,710.60	6,048.50	5,436.20



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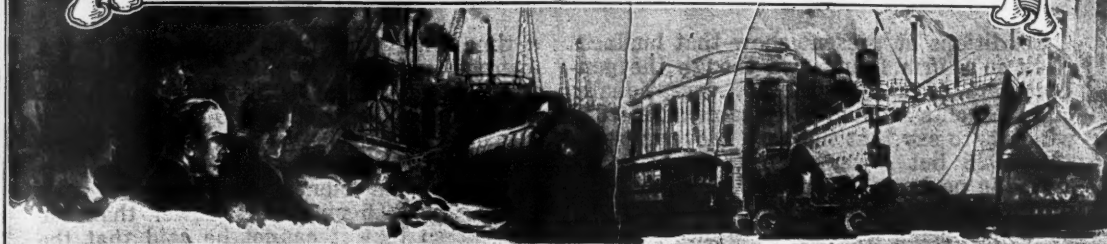
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## INVESTMENT & BUSINESS TREND

*Stabilization of the Franc—Politics and Business—Position of the Bond Market—Railroad Earnings—The Market Prospect*

### STABILIZATION OF THE FRANC

THE official stabilization of the franc represents the virtual completion of the return of Europe to a gold currency basis, a movement which started when Great Britain established a "free gold" market in April, 1925. Fearing a wave of voter indignation, French politicians held off as long as possible the actual marking down of the gold value of the franc to about one-fifth of its pre-war gold worth. In the meantime, the Bank of France continued to pile up reserves by heavy purchases of foreign currencies and the Paris money market became glutted with short term credits, threatening currency inflation and mounting prices. The opposition to official stabilization has completely bowed to the force of this economic pressure and passage of the new law establishing a gold value for the franc at its approximate present value has just taken place. Thus virtually all Europe is again officially back to a gold currency basis from which it was torn by the havoc of war.

In the method of restoring a gold value for her currency, France establishes a precedent. Practically all of the other large European nations relied upon foreign credits to assure the success of their stabilization programs. France, on the other hand, while maintaining an "unofficially stabilized" level for the franc since 1927, made elaborate preparations for the return to a gold basis by accumulating tremendous gold reserves, largely through imports from New York and London.

The shipments of gold to France and the

earmarking of gold held by the Federal Reserve Bank was one of the most important factors underlying the trend toward "dearer money" which has characterized the New York money market during the past few months. Coming at a time when the boom in security prices was absorbing a larger and larger amount of credit, the pinch was reflected in a sharp increase in the rates of Wall Street's borrowings and to a lesser extent in an increase in the cost of commercial loans. Although France may call for further shipments of the precious metal, it is estimated that a balance of about 80 million dollars in "earmarked" gold is still held in this country from which future withdrawals would be made. As far as our future *net loss* of gold and the effect of such loss on the domestic money markets is concerned, it seems likely that coming months will see a smaller drain in gold exports from this country.

### BUSINESS CONDITIONS

IT is to be doubted if representative business men are much agitated by fears that the present political campaign will have an adverse affect on business conditions. Big Business, at least, has reassured itself that the outcome of the campaign does not in itself spell success or failure so far as corporation earnings are concerned. Recently, a very prominent executive has gone on record to say that for years business has proved quite immune to political disturbance.

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Conditions at present show that business rests on a firm foundation though the general rate of activity is not exceptionally high. Profits are about the same as in 1927 which is to say that they are above those of 1923-1925 but lower than those of 1926. There is no large accumulation of goods in manufacturers' or dealers' hands and production is being kept down to meet current requirements and those which seem fairly certain for the near future.

The late advent of summer has retarded trade but loss of ground is slowly being made up. Indications point to a normal summer with business making preparations for the usual fall revival. Politics is playing an unimportant part in these matters.

### RAILROAD EARNINGS

FOR the first four months of the year, class I roads showed net operating income of 287 millions against 299 millions for the same period of last year. Total operating revenue was 1893 millions against 1987 millions, a loss of 94 millions. At the same time, total operating expenses dropped 82 millions, or from 1530 millions in 1927 to 1448 millions in 1928, leaving a net loss in net operating income of 12 millions.

Obviously, the railroad managements are in control of the situation and are able to save a very respectable proportion of gross for net. For the fifth month of the year, some improvement is expected, the anthracite roads, in particular, showing up very well. Barring any unexpected change for the worse, it is probable that railroad net this year may be a trifle more than in 1927, which should be considered a most creditable showing, considering the slightly slower pace of business thus far.

Any improvement in traffic would be quickly reflected in increased net, which offers a fairly solid argument in favor of representative railway stocks.

### BOND MARKET

THE bond market is usually a fairly accurate mirror and to some extent a barometer of money conditions. Hence, it is interesting to analyze its recent movements in connection with the money market.

At the beginning of the year, the New York Times average for 40 bonds stood at about 93. They have fluctuated in the period January-May between 91.7 and 93.5 during

a time when time loans advanced from an average of 4.3% to 5.1%. During June when money became still tighter, the average of 40 bonds dropped to 90.5 which is the low of the year. Nevertheless, it is to be noted that the low for representative bonds in 1927 when money was abundant and cheap was 89.5 or a point lower than the present so that it cannot be said that the severe change in money conditions this year has made any but a normal impression on high-grade bonds. Either this means that the bond market believes present high money rates to be temporary or that it has not yet taken the money situation sufficiently seriously.

In one respect, the market has reacted substantially to the advent of dear money and that is in regard to speculative bonds and those of medium grade quality issued during the past year or so. The contrast between the recent action of issues of this type and those of high-grade is important, however, since it indicates that genuine investors are convinced that their quality issues will not decline much further, which is another way of saying that they do not believe that money will become dearer.

Scarcity of good bonds on the decline is significant of the market's real technical position. Furthermore the uncertainty attached to the stock market has naturally attracted growing attention to the more sober virtues of bonds.

### ADVANTAGE OF LIQUIDITY

EVERY important break in the market has one sound value, at least, in that it clearly indicates to the investor who takes heed the absolute necessity of keeping a certain portion of his funds in the bank. There are two advantages; first, by holding less securities than he otherwise would, his loss is lessened during a market break and, second, and more important, he holds himself in position to pick up bargains when the time comes. Many investors think that they should invest every nickel they can lay their hands on. This may suit some but the average investor will be benefited if he follows a course of moderation. The possession of actual cash places the investor in a potential position of strength.

### MARKET PROSPECT

AN extended discussion of the position and outlook for the stock market will be found on page 456.

# Business and the Campaign

## *A Study of the Two Political Platforms and the Two Nominees from the Viewpoint of Business*

By THEODORE M. KNAPPEN

EVERY quadrennium we have an "epochal" election; sometimes we also determine the fate of the nation in off-year elections. No matter how often the destinies of the Republic have been settled for all time by an electorate always bored at the last to distraction by campaign buncombe and insincerities, the said destinies return for another final determination every four years at most.

We take our destinies so seriously that we will not suffer them to be irrevocable; by keeping them on hand we delete them of fatality. Nevertheless, we approach each succeeding presidential election with immense gravity—in the first stages at least. Men who have seen the Republic irretrievably ruined at every election within their span of life are just as naively ready to see it ruined once more in 1928 as they were in 1878. Ruin confronts us again. The fearsome party hosts assemble once more—

*For the last battle of the world,  
The Armageddon of the race.*

Nothing less!—as any campaign orator on either side of the battle line will tell you.

But prosaically interpreted in the phraseology of the market place the current net meaning of the impending decision between Hoover and Smith, between Republicanism and Democracy is: How will the outcome affect business? How will it affect my income?

To give a prophetic answer with some degree of probability it is necessary to consider:

1. The records and natures of the two great parties.
2. Their platforms.
3. The talents and characters of the nominees.

### *The Parties*

Claude Bowers, the convention key-noter, goes back to Hamilton and Jefferson to find out the differences between the Republican and Democratic parties. He would have us believe that they are natural, abyssal, perpetual; as opposed as centripetal and centrifugal; unalterably opposed in political and economic philosophy.

As Bowers sees it, the Republicans are more concerned with property than with men, aristocratic rather than democratic, plutocratic rather than equalitarian, conservative rather than progressive; and the Democrats just the reverse.

If this division actually exist the effects of the elections will be forecast according to what business is adjudged by each individual to need—whether more regulation or less, more governmental assistance or less. The "have's" will see prosperity in Republican success; the "have not's" will see it in Democratic success.

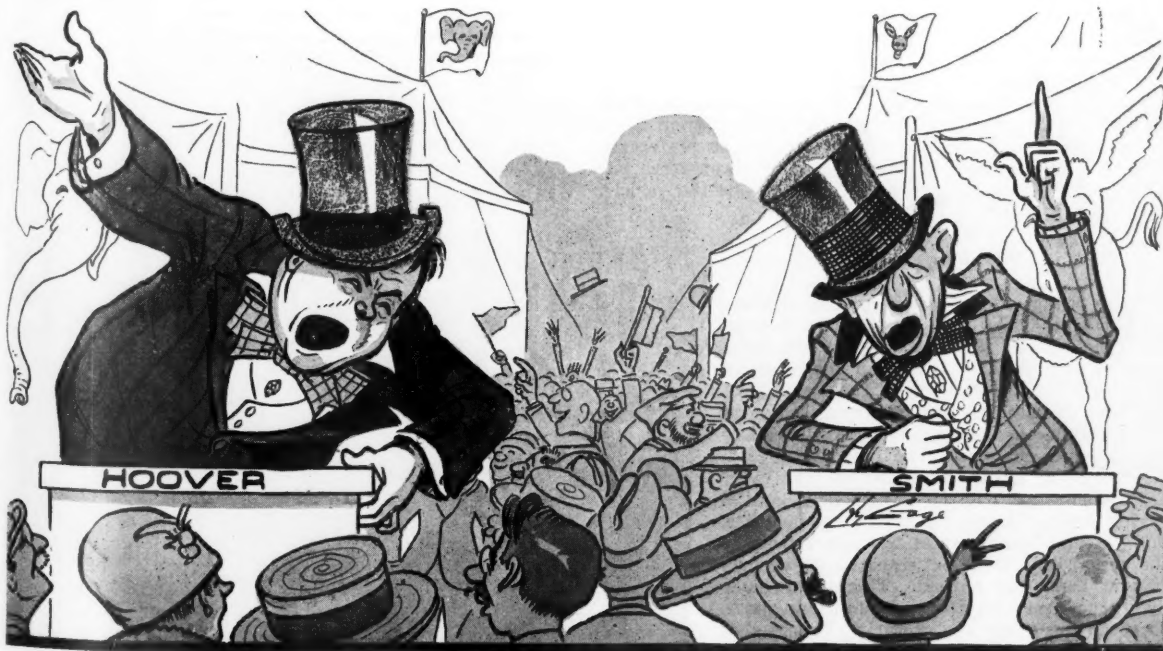
Practically, since the Democracy ceased to champion erratic monetary ideas, the only essential divergence of economic views between the two parties has been over the tariff. Historically, the Democracy has been vocally, if not actively, for free-trade or tariff for revenue only.

Since Houston that is no longer true.

At the recent convention the Democrats came out flat-footedly for protection—only they called it safe-guarding American labor.

On the record, the ancient struggle over the principles of tariff legislation is now formally closed with a victory for protection. The Houston convention merely gave formal sanction to the fact that has resulted from the industrialization of the South.

Henceforth tariff differences between the two parties as



## Democratic Platform

**TARIFF**—For revision to curb monopoly and secure equitable distribution of benefits and burdens—but difference in production costs must be safeguarded.

**FARM RELIEF**—Federal loans to co-operatives; creation of Federal Farm Board for agriculture, comparable to Federal Reserve Board, with all necessary powers to stabilize agriculture; application of equalization fee principle.

**PROHIBITION**—Pledges "an honest effort" to enforce the Eighteenth Amendment and laws enacted in accordance therewith; no mention of prohibition principle.

**FOREIGN POLICY**—Non-intervention in domestic affairs of other nations with special mention of Mexico, Nicaragua and other Latin American countries. International agreements for reduction of armaments; in meantime adequate army and navy. Protection of life and rights abroad.

**PUBLIC DEBT**—Reduction only according to sinking fund act.

**FINANCE AND TAXATION**—Further reduction of taxes—Federal Reserve System endorsed but administration for benefit of speculators must cease.

**ANTI-TRUST LEGISLATION**—Enforcement of present laws and enactment of others if necessary to preserve competition.

**PUBLIC UTILITIES—WATER POWER**—Sovereign title and control of water powers must be retained and expeditiously developed under assurance of reasonable rates. Strict enforcement Federal Water Power act.

**LABOR**—Favorable to collective bargaining and severe limitation of scope of labor injunctions.

applied in legislation will be mainly a matter of opinion as to where protection is needed and how much. Undoubtedly, the business world has been overwhelmingly for protection, and it has linked protection and prosperity. With both parties for protection, the business world's worries over national political struggles will be considerably abated.

The plain fact is that our two great parties are both conservative in general tendency and present control. Business need fear neither as a party and may consider them merely as necessary parts of the mechanics of elections and representative government, and of the profession of politics. Business may have more confidence in one political machine than in the other as an administrator of government, but the records of the two parties when in power during the last fifteen years do not disclose serious lack of able administrators in the ranks of either.

America is in the happy position of having achieved a political unity rarely known to nations. National ideals and policies are so clearly defined and generally accepted that major political parties merely present a choice of implements for realizing them. It is a question between the parties; not of different principles but of different tools. All America motors, but there is a difference in preference of cars. All America is intent on political progress but some prefer one party and some the other as the vehicle. Both groups travel in the same direction.

### *The Platforms*

There being no broad differences between the parties that are of serious concern to business, the specific platform declarations have more importance this year than they usually have. On the tariff question the Republican platform contains no hint of lower duties in any schedule; and, on the contrary, promises higher duties in some. The Democratic platform contains a vague promise of such tariff adjustments as will curb monopoly, whilst "safeguarding" labor and legitimate business, and yet maintaining rates that correspond to the actual differences between cost of production at home and abroad. There is no such divergence between these declarations as to forebode the possibility of tariff changes that will be disastrous, even from the extreme high

protection point of view. Owing to the changing outlook of big business and high finance regarding the importance of foreign trade, business opinion is likely to be divided as to which tariff declaration is the more satisfactory when considered with regard to the maintenance of prosperity.

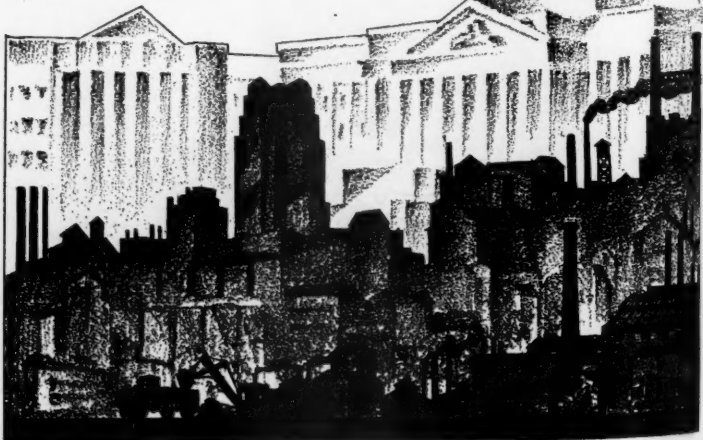
Big business will see a threat to its programs in the Democratic declaration for enforcement of the anti-trust laws and the enactment of others "if necessary," which will not be entirely removed by the promise to "encourage business small and great." Having regard to the tenuous relation of platforms to their realization there is little in the Democratic position regarding "trusts" to cause serious alarm. On the other hand, it will be noted that the Republican platform is plankless on this subject.

In view of the malodorous notoriety the public utilities have suffered from the investigation of them now being conducted by the Federal Trade Commission it is remarkable that the declarations of both platforms are innocuous. From his point of view Senator Norris may well complain that both parties are dominated by the utilities.

In matters of public finance, taxation and banking policy there is nothing disturbing in platform pronouncements unless it is to be found in the Democratic demand that the administration of the Federal Reserve System "for the advantage of stock market speculators should cease." This appears to imply a hint of some revision of the Federal Reserve Act or, at least, a change of policy from that now governing the Board.

The most radical departure in the two platforms is the Democratic adoption of the principle of the equalization fee in farm relief legislation. It is the only threat in either platform against the prevailing attitude of the Federal government toward economic problems. Conservative business will regard it with the greatest apprehension, and if the business community as a whole maintains its traditional favor for the Republican party this year it will be mainly in consequence of the farm relief plank in the Democratic platform. It is, however, highly problematical as to whether the enactment of a measure conformable to the Democratic commitment would be disturbing to general business, however ominous it might be of further governmental interference with economic processes.

It may be susceptible of proof that there is some relation between prohibition and prosperity, but as both parties declare for enforcement of the Volstead act and neither takes a stand as to its principle or that of the Eighteenth Amendment, the platforms are on a par as to prohibition and business.



The presidency is far more a matter of its occupancy than of party platforms, and a candidate may contribute more to the formulation of the decisive issues than any number of convention resolutions. After all the bother about prohibition, both parties arrived at law-enforcement planks, thus laying the question on the shelf as a partisan issue. But within a few hours Governor Smith had made prohibition the salient issue of the campaign by reiterating his position in favor of amendment of the Volstead act. As Mr. Hoover had previously expressed his belief that the act should not be repealed, the issue is joined on the principle of prohibition after having been evaded by common declarations in favor of enforcing the law. Technically, the Democratic platform is a bit dryer than the Republican, but in two or three sentences Governor Smith has made the Democratic party wet and forced the Republican party to be dry. What the parties dodged, the candidates confront.

As the campaign goes on it will become more and more a contest between Smith and Hoover and what they are and stand for rather than what their respective platforms assert.

To determine what the outcome of the presidential campaign will do to business it is necessary to determine what is the incidence of the Smith and Hoover personal equations on the political factors that affect business. And then it is necessary to define "business."

The two presidential nominees are alike in that they are self-made men who rose from humble stations. The humbleness of their stations was profoundly different and the way upward therefrom utterly different. In race, early social environment, education, religion, mature environment, personal experiences and achievements they are as unlike as two worthy men can be. The entire careers and biological and social heredities of the two men have shaped them to widely different beings.

Hoover, of old American Quaker stock, born into the "ruling class," although his father was merely a blacksmith, a rural and village product, reared in the West, saw life from his earliest days quite differently from the way Al Smith saw it; Al Smith, the second generation from Ireland, devout Catholic, child of the slums, city-bred.

Hoover received or got a formal education and a college diploma; Smith's formal education stopped at 15. Hoover's later life has been constantly in associa-

## Republican Platform

**TARIFF**—No change, except upwards to give more protection to industries that can not compete because of lower foreign wages and living costs.

**FARM RELIEF**—Reorganization of marketing systems through help of a Federal Board authorized to set up farmer owned corporations to deal with surplus products problem by "orderly marketing."

**PROHIBITION**—Pledges party and nominees to "vigorous enforcement" of 18th amendment; no mention of prohibition principle.

**FOREIGN POLICY**—Endorsement of multilateral treaties outlawing war; continuance of Coolidge policies in Nicaragua and China. Maintenance of Navy to 5-5-3 ratio. Firm support of American rights abroad.

**PUBLIC DEBT**—Continuance of present policy of reduction as fast as possible.

**FINANCE AND TAXATION**—Reduction of taxation as rapidly as condition of treasury will permit. Non-cancellation of Foreign government debts.

**ANTI-TRUST LEGISLATION**—Nothing.

**PUBLIC UTILITIES—WATER POWER**—Protection of public from exactions. While recognizing advantages to public at times of Federal regulation, prefers state regulation of utilities.

**LABOR**—Collective bargaining endorsed—Injunctions in labor disputes "a subject for legislation."

tion with men of high achievement in industry and affairs. For many years Smith's only society was that of petty business and politics in a wretched district of New York City.

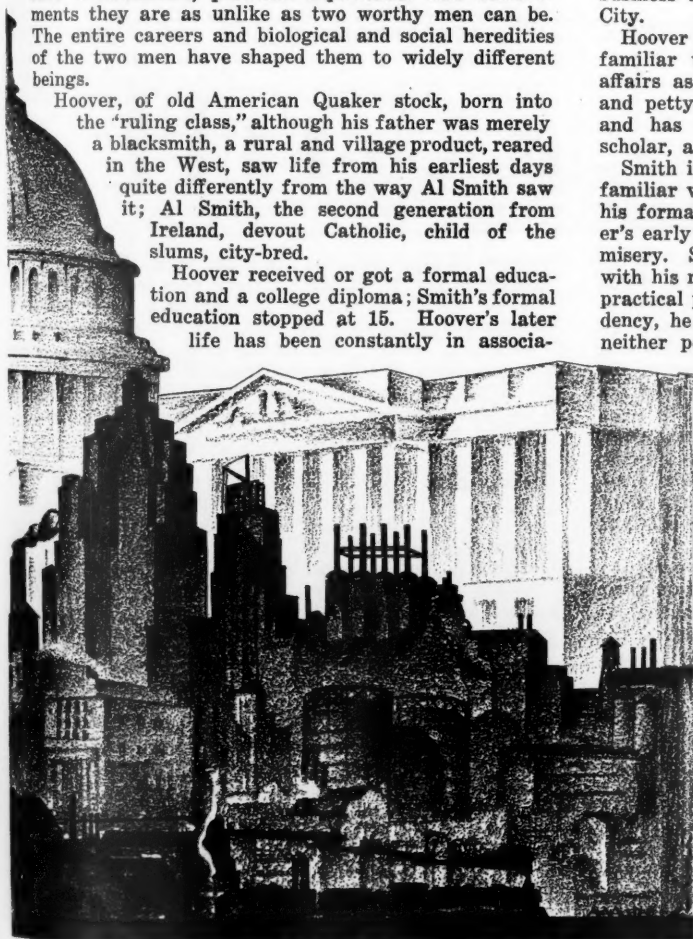
Hoover has circled the globe time and again and is as familiar with its nations, statesmen and men of great affairs as Smith is with Gotham's wards, district bosses and petty merchants. Smith is only moderately well off, and has little cultural background; Hoover is rich, a scholar, a great engineer, a cosmopolite.

Smith is a good fellow; Hoover is reserved. Smith was familiar with human wretchedness and poverty throughout his formative years; plain, simple and hard as was Hoover's early life it knew nothing of sordid poverty and social misery. Smith drank practical politics, Tammany politics, with his mother's milk; Hoover really never had a taste of practical politics until he became a candidate for the presidency, he doesn't understand it and never will. He likes neither politics nor politicians; they are necessary evils, but not elemental to social process. For Hoover the real life is the life of economic achievement, but set in a frame of philosophic understanding. He loves a fact, but even more the relations of the fact to other facts. Smith saw politics "run" business on the East Side, and to him politics naturally dominates business—and should. Life is mostly a matter of personal relations to Smith; he doesn't lose the individual in the crowd. Hoover sees the crowd, deals with the mass; he is interested in the individual, but only because individuals make social masses.

Out of these streams of differentiating factors come two totally different ways of dealing with public affairs. Hoover, by heredity and environment, a Hamiltonian has a Jeffersonian antipathy to social improvement by legislation. Smith, Jeffersonian in natural predilections, puts great store on social amelioration by legislative fiat. Hoover seeks improvement of institutions through the improvement of their human elements; Smith would improve men by rebuilding their institutions.

How will these different personalities affect business through the presidency? In the first

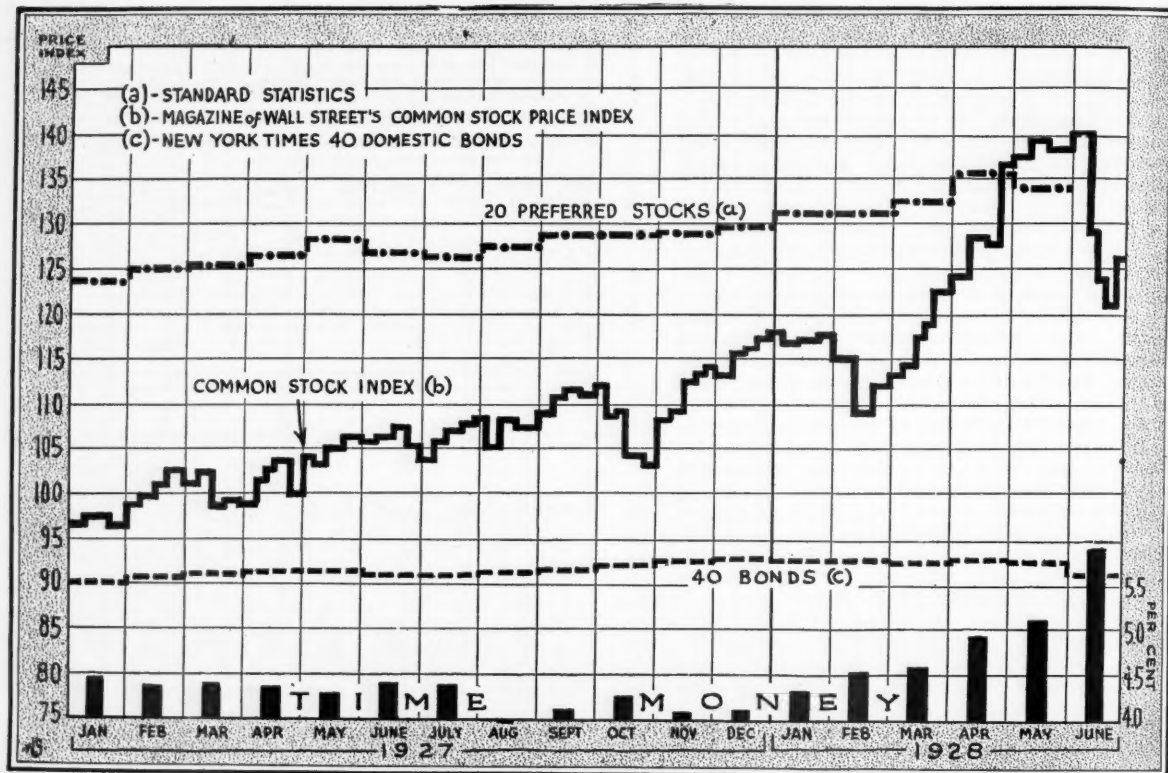
(Please turn to page 511)



# Money and the Stock Market

Brokers' Loan Situation—Strong-box Selling—Larger  
Stock Yields Available—The Market's Future

By E. D. KING



**A**LTHOUGH ample warning had been given both in the positive action of the Federal Reserve Board, which had both raised the rediscount rate and sold Government securities, and in the market itself which has developed into a pure gambling affair, speculation for the rise over-played its hand and the denouement was one of the worst smashes in several years. At present, stocks are considerably down from their highs of the year, in some cases as much as fifty and seventy-five points. THE MAGAZINE of WALL STREET's common stock index at the lowest point of the break showed about 124 against a high of practically 140. The low for the year, established last winter, was 109 so that roughly half of the year's advance was lost on the recent decline.

The market actually broke because of over-speculation which made the strain on the money market too severe, but speculators are prone to blame only the money market itself. It is natural then that attention be now paid to the all-important money question and the outlook for the future of the stock market revolves to a large degree on the outlook for the money market.

**Brokers' Loans** At present, brokers' loans (Federal Reserve figures) show a drop of 400 millions from the high of \$4,563,240,000. Authorities believe that if the loans show a further decline of from \$250,000,000 to \$300,000,000, sufficient improvement will have occurred to warrant the expectation of a more stable securities situation. It is obvious that as severe as the drop in brokers' loans has been, there is still much ground to be covered when it is considered that from the low of March until the high of May, brokers' loans had shown an actual

increase of \$1,468,000,000. In other words, the decline represents only 27% of the previous advance. Banking authorities would feel better if the loans were down to a point about midway between the high and low for the year.

Strangely enough, even among professional students and the like, there is still a good deal of misconception as to the actual meaning of brokers' loans. Without discussing the erroneous views which have been current in many quarters, the following explanation should prove of value.

## Strong-Box Selling

A substantial advance in brokers' loans such as we had between March and May means, of course, that loans are being increased but this statement is of no significance unless it is understood that stock which is being added to marginal accounts is coming from investors' strong boxes. As a matter of fact, during the recent bull market, the more conservative investors and institutions sold large quantities of securities which they thought were too high and which they passed into the hands of speculators. Speculators, who buy on margin, naturally had to finance these purchases by increasing their borrowings at their brokers.

It is clear that if all transactions were on a cash and carry basis, that is, paid for outright, there could be no such thing as brokers' loans. Hence, the real significance of important changes in brokers' loans consists of the light they throw on the attitude and policies of representative investors. If brokers' loans merely represented the exchange of securities between brokers' customers buying and selling on margin, they would have very little meaning, but in respect to the light they throw on the nature of the ownership, they are very important.

THE MAGAZINE OF WALL STREET

Investors who sell from the box, of course, are anxious to replace their securities at a favorable opportunity, that is to say, they hope to retrieve their stocks a number of points lower than the price at which they were sold. As they commence re-entering the market, it means that outright purchases of stocks are on the ascendent, that stock is being taken out of brokers' portfolios and that, as a natural result, loans are being decreased. Hence, the recent drop in brokers' loans means that this process of re-investing is again in force, thus far on a small scale but presumably on a larger scale later, if prices are lower.

But, of course, investors will not repurchase if they are convinced that economic conditions are going to deteriorate or if they have any fundamental distrust of the outlook for securities. Hence, any tendency for brokers' loans to rise at this particular point with investment purchases incomplete or even any tendency for loans to remain stationary might logically be construed as a reflection that the investment interests of the country are not satisfied that stocks have gone low enough. A further sharp decline in loans of course, would indicate that investment buying is continuing on an increasing scale and would thus prove a sufficiently satisfactory clue to the discerning purchaser.

From this viewpoint, then, brokers' loans may prove a valuable barometer of the general position and outlook for the entire securities market. A high figure for loans indicates that stock is in weak hands. A low figure would indicate the reverse.

#### Money Situation

The brokers' loan situation therefore may be studied as an important technical reflection of the various conditions which shape investors' policies. The most important of these considerations, of course, is the money market and, it may be presumed, that just as prior signals of dear money actuated investors and institutions in selling their securities so will indications of a definite change for the better in money rates cause them to intensify their efforts to repurchase securities which they already sold out.

Hence, a discussion of the present position and outlook for money is of the utmost importance. The subject has such ramifications and is essentially so technical that for the average reader's purpose, it has been deemed best merely to describe the most salient features. The principal factor in causing money rates to rise and in restricting the amount of credit available for speculation has been the narrowing of the credit basis attendant upon the extremely large exports of gold. During the past year, we have lost over 450 millions of dollars in gold sent to various European and other foreign countries as part of a scheme for currency restoration abroad. Of course, this gold was paid for by these foreign countries either through new bond issues floated here or through bills on hand when they were exporting capital. Regardless of such factors, it is obvious that such a large export of gold would have at least a temporary influence in restricting the credit supply and thereby raising the cost of capital.

At the same time, member bank rediscounts have risen by an amount almost equal to the loss of gold and total bills and securities held by the Reserve banks went up to nearly 1.5 billions indicating the increase in utilization of Federal Reserve credit by member banks. The strain was indicated in the gradual falling of the reserve ratio from around 80 to 70%, the lowest figure in a number of years.

Critics have pointed out that the situation is not nearly so strained as it was just before the great deflation of 1920-1922 but nobody pretends that it is. It is sufficient to recognize, however, that the situation has changed greatly from a year ago. In other words, the rise of money from 4 to 7% is a perfectly logical development in view of conditions described. The question is whether these conditions will prevail for some time further. As to gold exports, it seems probable that most of the exporting has already taken place but an amount estimated at close to 100 millions still remains subject to withdrawal so that for the time being the gold export situation will probably show little improvement. Further, with prospects of some increase in business during the end of the year, there are possibilities that credit will be in increasing demand for purely business purposes. This, of course, will not tend to make money cheaper. On the other hand, liquidation in the stock market and, especially, a quieter market requiring considerably reduced amounts with which to finance itself would tend to relieve the strain caused by the gold situation and the possibility of further increase in rediscounted bills.

Hence, to a large extent, the future of the money market for the next few months depends on the action of the securities market so that those who hope for relief from the money market had better look to the stock market first.

### Changes in Yields of Leading Stocks

	Yr. Div.	1928 High	Yield	Recent Low	Yield
Amer. Smelting.....	8	203¼	3.9	182¼	4.35
Amer. Tobacco (B)....	8	177	4.5	152	5.25
Amer. Steel Fdy. ....	3	70	4.3	51	5.9
Balt. & Ohio .....	6	119	5.0	104	5.8
Columbia Gas .....	5	118¾	4.2	102½	4.9
General Elec. ....	4-1 ext.	174½	5% (2.9)	141¾	5% (3.6)
Gt. Northern Pfd.....	5	109	4.6	95%	5.25
Union Pacific .....	10	204%	4.9	190%	5.3
U. S. Steel .....	7	154	4.5	132%	5.3
Westinghouse Elec. ....	4	112	3.6	90	4.4

#### Market Outlook

Under the circumstances, with little prospect for relief from high money rates for some time it is difficult to see the basis for expectation of a prolonged advance in security prices during the near future, that is speaking for the market, as a whole. Strange to say, this should offer some comfort to the more conservatively minded investors and speculators in that it seems likely that the improbability of a general rise will cause a great deal more discernment in security values than has taken place during the first few months of this year and that individual

issues will move more closely in accord with their own situations. With the fog cleared from the speculative atmosphere, it seems reasonable to conclude that a thoroughly selective market is again in the making. Weakly held stocks and those with dubious prospects are likely to continue their down glide and this includes many of the pool favorites which were pushed up out of all reason. On the other hand, the sounder investment issues and, also, those of a speculative character but which have been driven down close to value are commencing to appear attractive once more.

#### Better Yields

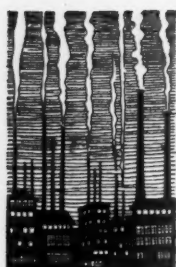
Yields on securities, as shown in the accompanying table, are more adequate than they have been for some time and the serious-minded investor intent in securing a decent income from his investment has a better opportunity of doing this than for some time. This is especially true of the bond market which indicates a more or less sold out condition with issues offering a fairly attractive yield in many cases. Stocks are still not precisely cheap from an income viewpoint but they are more so than they have been and there is a better basis for individual selection.

Investors may feel confident that we are not entering a bear market. Conditions warrant that assumption. More likely, the market will settle down into a more sober reflector of immediate conditions.

# Need For Tariff Modification

By Governor A. T. Fuller of Massachusetts

As Interviewed by J. M. Head



THE cod may be sacred to every man, woman and child in the Commonwealth of Massachusetts, but even in that rockribbed center of the protective tariff there is at least one public official who does not hesitate to declare that there are flaws in the fiscal system which has for its basis protection to American industries.

That man is Alvan T. Fuller, Governor of the State. He is the man whose courage of conviction forced him to probably the most painful decision a man is ever called upon to make—that of sealing the verdict of public execution on a fellow man.

Governor Fuller is a Republican. He was raised up to the notion that Republican policies were best. And he still believes they are. But if anyone thinks that he is disposed to approve unquestioningly every measure, or every part of every measure that is put forward as good Republican gospel, then such thinker has made a woeful mistake.

The Governor believes that the long-time prosperity of the country cannot be dissociated from the tariff. He believes in the theory which says that it is proper for a country to place a tariff barrier against foreign competition in its own home market that will make it impossible for the foreign manufacturer to undersell the domestic manufacturer in the latter's market, unless the domestic manufacturer is charging more than is a reasonable profit in addition to American wages.

## The Inequalities

But there are inequalities, even absurdities, in the tariff, according to this outspoken public official.

For example, to quote Governor Fuller as he spoke to me across the executive desk in the State House in Boston: "It seems absurd that there should be a tariff of from 25% to 45% on automobiles—this happens to be the line of business in which I am engaged—in view of the fact that the American manufacturer of motors is selling his cars abroad in competition with the cars manufactured there, and getting a good profit for them. Why put up a tariff when there is no need for one? There is time for this sort of thing when we begin to feel the pressure of outside competition."

This seemed like strange doctrine. If it were not heretical in the very home of the organization devoted to the policy of keeping the American tariff sky-high—and from a man who by all the laws of politics should have talked otherwise—it at least seemed akin to rebellion. Was it for this that all the stalwarts of the governor's party had thundered in the days past against any suggestion of even the omission of a dot over an I or a cross over a T in any protective tariff measure?

The governor is a mild-spoken man. He does not raise his voice when he talks. He does not gesticulate. He does not grow excited. He simply states what he believes to be a fact and lets it go at that. He is not of the statesman build and he does not look frowningly at his callers, as if to impress them with the idea that he, as the head of the great Commonwealth of Massachusetts, speaks with the authority of an oracle.

It seems inevitable that in any discussion of the tariff today the conversation must eventually turn to the plight of the farmer. It had not been my intention in seeking to ascertain the view of Massachusetts's progressive governor to bring up the farm question. But it appears that the agricultural situation is so inherently a part of the tariff problem that a survey of the latter must drive the investigator back to the soil.

## Farmer and Tariff

"The farmer," remarked the governor, "despite such benefits as may have come to him from the tariff, has not fared as well as he should. This is not to say that the tariff should be removed, but it does reveal the fact that the farmer has just cause for complaint in that the tariff is by no means an unmixed benefit to him.

"I am entirely in agreement with those who say that the country cannot continue to be prosperous unless the farmer is prosperous. And I am not one of those who is content to say that that the farmer needs relief and then sit back and think no more about it."

One of the strangest things that we meet with in life is coincidence. And here I was face to face with one. Less than a month prior to the day that I sat in the executive office of the governor of Massachusetts, and heard him make this declaration, I had listened to the fervid plea for farm relief uttered by a former governor of the state of Illinois. Here were two men whose environment had been and was entirely different, yet who were in accord on the one subject. It seemed easy to picture former Governor Lowden, of Illinois, supporting the farmer. But to hear the governor of the eastern Commonwealth, whose representatives in Congress are almost unanimously opposed to farm relief, except in the abstract, declare that the farmers' situation was more than a theoretical one, was to force admiration of the courage of the man.

Governor Fuller did not put himself in the position of being a supporter of the McNary-Haugen bill in the form in which it went to the President, but he revealed a sympathetic understanding of the farmers' needs that one would not look for from a man so instrumental in fixing the destinies of a non-agricultural Atlantic coast state.

"The manufacturer," he stated, "is organized. When business is poor with him he goes to Washington and puts in his plea for relief. Practically every Congressman takes care of the manufacturers of his district in the tariff bill. But business men write the tariff bill, practically speaking. In some cases they are and in others they pretend to be fearful of foreign competition.

"The great bogie that is annually paraded before the Congressmen is that of protection for the American working man. I rather believe that all Americans agree that we want the American working man protected, and we want the American manufacturer protected because, as Abraham Lincoln once said, without a tariff we would be buying foreign goods, and while we would get the goods they would receive the money; but under a protective tariff we would be buying American goods, and while we receive the goods, the money would still be retained in this country. And to that extent the tariff argument is good, but it would seem reasonable to believe, if the tariff provided protection which

covered the difference between the goods made in America and those abroad, that would come at least pretty near to being enough a differential, because the American manufacturer at home ought to be able to sell goods at the same margin of profit as the manufacturer abroad, particularly when the foreign manufacturer would have to pay transportation and other expenditures that might arise.

## Bars Competition

"We know, however, that the tariff not only provides protection for the American working man and a reasonable profit for the manufacturer, but practically speaking, it bars competition so that the American manufacturer has the market on a good many articles with competition eliminated. The injustice of the tariff, it appears to me, is where the protection is exorbitant and is beyond that which assures the manufacturer a reasonable profit and fair American wages and thereby increases prices to the consumer.

"Now let us take the case of the farmer who was urged during war times to produce more wheat and other food products, and he built up a tremendous output, like the average manufacturer; and then the demand stopped and the farmers were in distress, and they are in real distress. I recall talking with an eastern manufacturer, who knew nothing about the farm question, who went out through the West a couple of years ago. He was appalled to find that over vast areas mortgages had been foreclosed on farms, banks had failed. He rode for hundreds of miles without finding evidence of a dollar's expenditure on the farm for upkeep—not a repainted farmhouse, nor a rebuilt fence.

"When the farmer in distress comes to Washington he is told that it is a bad situation, his Congressional committee expresses sympathy for him, but they tell him, as nearly as I can observe, that he must rely upon the law of supply and demand. That is a law that nature has provided and Congress could not consider putting its profane hand upon a natural law. Therefore nothing can be done to help the situation.

"They can introduce into the tariff law a few artificialities that come between the supply of the manufacturer and the demand of the consumer so that the manufacturer's path is smoother for him, and I do not wonder that the farmer is exasperated when he cannot have a sympathetic hearing and have some consideration along the same lines. I do not profess to know the answer to the farmer's problem, but I have realized that he has not been able to make his wants known as effectively as the manufacturer. I have been sorry that he has not had a champion fighting for his interests as Mr. Hoover, for example, has been fight-

ing in the interests of the American manufacturers for standardization of types and sizes.

"It is argued, governor," I suggested, "that the equalization fee plan of the farm relief bill would in effect nullify the tariff so far as the textile industry of New England is concerned; that it would permit the southern planter to dump his surplus cotton abroad at a lower price than that at which the American manufacturer could buy it, and return foreign manufactured cotton goods at a price that would undersell our home market."

## An Interesting View

"Isn't that in effect what the tariff does with any surplus?" the Governor countered. "I have always understood that where our manufacturers or producers had to meet open competition in the world's market, they had to sell their product abroad at a lower price than the one they received at home. The very purpose of a tariff is to protect the home market. If it doesn't do that it has failed in its effort at protection. This means that if there is a surplus, the producer, rather than throw it on the home market and thus break the price and destroy his margin of profit, or else bring the price down to the foreign level so that products made abroad can enter and compete, must, of necessity, sell what he produces at a lower figure abroad than he does here. Whether or not the difference in price of cotton at home and abroad, under the farm relief plan, will be big enough to permit of the kind of competition you mention would depend largely on the size of the surplus. And since we understand that the farmer does not expect to make any money on his surplus—that this is, in fact, the thing of which he is most anxious to rid himself—we can hardly see how the plan will encourage the farmer to over-production.

"And if it should result in ruinous foreign competition there is always the alternative of increasing the tariff on the article that is the object of the competition. We've done it before for the manufacturer and increased the price to the general consumer—why should this question be raised when the farmer asks for some more tangible benefits than he is now receiving?"

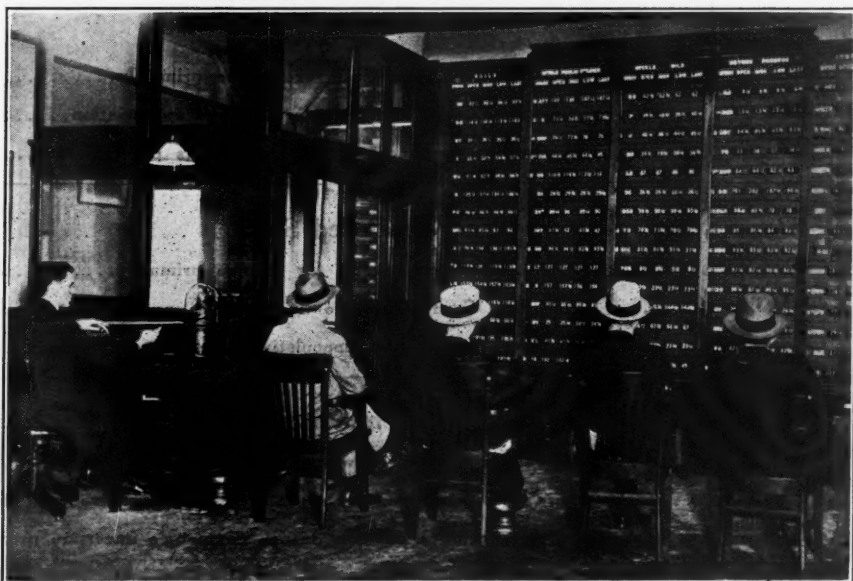
The governor's logic seemed admirable—especially when I reflected that he did not assume to be an advocate of the radical farm relief measure which was destined for a second presidential veto.

I had talked to the liberal in the west; now I was talking to the so-called conservative of the east. And to my utter amazement I found that after I had analyzed the

(Please turn to page 515)

## Electrifying the Market

From a master keyboard at left this Electric Quotation board is operated. Price changes are taken from ticker tape. Machine registers the opening, high, low and last prices of the day.



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# Ratings of Petroleum Securities

**A**LTHOUGH some progress has been made since the first of the year by the oil industry in its efforts to get back to a more profitable operating status, there is still much room for improvement. Crude oil prices generally hold to the rock bottom levels to which they fell at the early part of 1927 and there can be no broad basis for prosperity until crude can be raised out of this price rut. Better prices now prevail for gasoline and lubricants which are the industry's "bread and butter" products, this improvement being due largely to seasonable influences, which on the other hand brings poorer prices for the heavier grades such as gas and fuel oils.

Statistics for the month of May, now on hand, show an increase in production and would have shown a considerably greater increase—perhaps a new high record of crude oil output—but for the pro-rating agreement reached by West Texas operators. Sixty-seven new wells were brought in this extensively exploited district, each with a heavy initial flow which was kept from already overstocked heavy crude markets only by this agreement and lack of transportation facilities. There is considerable shut-in production in this as well as other more readily available fields, which together with the extensive surface stocks of crude and refined products stand as a serious obstacle in the way of near-by improvement in crude prices. In spite of the seasonal increase in gasoline consumption during May, stocks of all petroleum products were not reduced.

This situation explains as concisely as possible, the relatively favored operating position now en-

joyed by the oil companies which are primarily refiners of crude and which are well entrenched in the markets for their refined products. Well controlled sales outlets are a more important factor than ever before in maintaining operations on a profitable basis. The less favorable position of the producing companies is rendered even more speculative because of the many uncertainties on which future improvement of crude prices seems to hinge.

Companies which have been able to show better results during the early part of 1928 than during the previous year have done so largely through their good fortune in being primarily refining and sales concerns or through increased operating efficiency or both. The producing units which continue to increase their output without enlarging the dollar values of their production, should be carefully scrutinized by investors relative to their depletion writeoffs, especially at the present time when per share earnings frequently play a minor role in the determination of oil security values.

Low stock market values for petroleum shares, has stimulated a good deal of investment buying during the past year or so, and this accumulation should stand this group in good stead when a more striking turn for the better occurs in the industry. The predominance of buying recommendations among the better oil stocks which may be noted in the accompanying ratings, reflects the belief of this publication that the stronger issues occupy a market position which warrants discriminating accumulation with the long range price trend in view.

## Explanatory Table of Ratings

Rating	Explanation	Note 1
	<b>Bonds</b>	The ratings for bonds and preferred stocks are made from an investment and not a speculative viewpoint.
A	.....Sound Investments for Income primarily.....	
B1	.....Medium Grade Bonds; for income and appreciation.....	
B2	.....Medium grade bonds; Speculative factors predominate.....	
	<b>Preferred Stocks</b>	<b>Note 2</b> As the position of all rated securities assumes new aspects, due to changing conditions, and further opportunities for profit present themselves, they will be analyzed in forthcoming issues of The Magazine of Wall Street. Any new situation that may arise, will thus be covered to the utmost advantage of subscribers whom we suggest, keep in touch with our Personal Service Department, regarding commitments made on our recommendations.
A	.....Sound investments for income primarily.....	
B1	.....Medium Grade Issues; for income and appreciation.....	
B2	.....Medium Grade Issues; Speculative factors predominate.....	
	<b>Common Stocks</b>	
A	.....Should eventually be worth more on intrinsic value.....	
B1	.....Company's position sound but stock occupies speculative position.....	
B2	...Stock occupies speculative position due to company's uncertain prospects...	

# THE MAGAZINE OF WALL STREET'S Ratings of Petroleum Securities

**AMERADA CORPORATION.**—Holding company operating through subsidiaries in Mid-Continent Fields. Primarily crude oil producer, but activities include manufacture of casinghead gasoline and marketing of products. Scope has rapidly expanded.

**Common Stock (\$2.00)**—Represents sole capital obligation outstanding. Depression in oil industry has as yet entailed no dividend reduction nor financing through senior securities. Earned \$4.02 in 1927 and 61 cents per share in first quarter of 1928 .....

Recent Price	Yield %	Rating
31	6.5	B1

**AMERICAN REPUBLICS CORPORATION.**—Controls oil producing and transportation companies, as well as other subsidiaries engaged in supply, equipment, and tank car business. Recently entered into 5-year contract with Spain for supply of entire crude oil requirements and part of refined oil requirements.

**Preferred Stock (7% cum.)**—Dividend rate not earned in 1927 and so far during the present year; prior to that it had been covered by comfortable margin. Issue on N. Y. Curb but seldom dealt in .....

93	7.5	B2
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**Common Stock**—No dividends have been paid in spite of good share earnings at times. Earning power erratic and at present at rather low ebb. Earlier activity based largely on Spanish contract .....

65	..	B2
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**ATLANTIC REFINING CO.**—Important unit in old Standard Oil group. Operates refineries and extensive distributing systems in northeastern states; likewise supplies portion of its crude oil requirements, this phase of activities currently assuming materially greater importance.

**Debenture Gold 5s, 1937**—Unsecured obligation but average earning power and inherent strength of company provide the protection requisite for investment issue .....

101	4.8	A
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**Preferred Stock (7% cum.)**—Sufficient margin of safety in assets and earnings to be relatively independent from investment angle of the somewhat varied fortunes of company .....

116	6.0	A
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**Common Stock (\$4.00)**—Moderate dividend no criterion of potential share earnings. Earning power of recent years erratic, but 1928 showing promises to elapse anything accomplished for some time past, owing to more satisfactory gasoline prices and greater control of crude oil supply .....

140	2.9	A
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**BARNSDALL CORP.**—Important oil company engaged in all branches of industry with emphasis on production of crude. Properties widespread although major operations are now centered in Mid-Continent field. Controls extensive reserve acreage as yet undeveloped.

**Debenture 6s, 1940**—Virtually only funded debt of company. Detachable warrants for subscription to Class A stock responsible for considerable market spread in bonds still carrying warrants, latter having greater element of speculation. (With warrants) .....

100	6.0	B1
92	7.0	B1

**Class A Stock**—Class B stock in process of elimination through conversion into Class A, leaving eventually only one class of stock. Dividends omitted owing to unfavorable conditions, but small amount still being earned on shares. Higher crude oil prices principal need .....

Recent Price	Yield %	Rating
21	..	A

**BEACON OIL CO.**—One of smaller units in oil industry with activities principally in refining and marketing. Territory in New England and in New York State. Has half interest in Venezuelan producing properties now in process of active development.

**Debenture 6s, 1936**—Market on New York Curb. Price influenced by speculative possibilities in connection with detachable warrants. Fair margin of safety in earnings under normal conditions, but interest requirements not earned in first quarter of current year .....

102	5.7	B2
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**Common Stock**—Preceded by small issue of 7% cumulative preferred having no listed market. Earning record in recent years unimpressive. Reported 18 cents a share on common last year and deficit so far in 1928, but company well sponsored, and underlying situation probably better than would appear on surface .....

15	..	B2
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**GENERAL ASPHALT CO.**—To old established business in asphalt refining and manufacture of asphaltic products has been added extensive production of crude petroleum developed in connection with control of asphalt deposits in Trinidad and Venezuela. Part of oil concessions leased to Royal Dutch on royalty basis.

**Convertible 6s, 1939**—Unsecured issue convertible par for par into common stock. Interest requirements covered by wide margin in spite of recent subnormal earnings, so that although influenced by potential conversion and selling above callable price, bonds have investment merit .....

108	5.1	B1
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**Preferred Stock (\$5.00)**—Cumulative as to regular rate and convertible in effect into common on basis of 1½ shares common for 1 share preferred. Under present conditions market is governed not by investment worth but by action of common shares .....

115	4.4	B1
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**Common Stock**—Dividend action, long delayed in spite of good share earnings in recent years, still further deferred because of decline in earnings occasioned by unsettlement in oil prices. Expanding oil branch of business still predominant factor in company's prospects .....

74	..	A
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**GULF OIL CORP.**—One of largest and strongest units in oil industry, extensively interested in all phases of industry and with remarkable degree of cohesion. Large production of crude oil which is virtually all consumed by company's own refineries. Little or no recourse to external sources of supply.

# THE MAGAZINE OF WALL STREET'S Ratings of Petroleum Securities

	Recent Price	Yield %	Rating
<b>Debenture 5s, 1937</b> —Not secured by mortgage but so amply protected by assets and earnings that no question exists regarding their safety, and market is regulated by general investment conditions. On New York Curb.	100	5.0	A
<b>Debenture 5s, 1947</b> (see Deb. 5s, 1937)	100	5.0	A
<b>Capital Stock (\$1.50)</b> —Stock is closely held and market on New York Curb is rather thin and subject to wide fluctuations on small turnover. Dividend only nominal and no criterion of earning power. Substantial charge-offs for depreciation and depletion. Stock dividend in due course a strong probability.	130	1.2	A

**HOUSTON OIL Co.**—Enterprise of varied interests, including oil, gas, and timber. Large undeveloped oil acreage, but potentialities of crude oil production not clearly defined, creating element of mystery. Emphasis now on activities in connection with pipe lines and natural gas distribution.

**Convertible 5½s, 1938**—Just issued to refund 6½% notes to be redeemed later in year and to provide for extension of facilities. Secured by pledge of subsidiary securities. Interest still well covered in spite of lower earnings. Market at this writing over the counter.

**Preferred Stock (\$6.00)**—Outstanding in moderate amount only. Cumulative as to dividends and listed in Baltimore. Dividend reasonably secure although present margin of earnings somewhat reduced.

**Common Stock**—High priced non-dividend payer actuated by growth in scope of natural gas business and possibilities in other directions. Wide fluctuations render it unsuitable for average purchaser.

**HUMBLE OIL & REFINING Co.**—Operated under the control of the Standard Oil Company of New Jersey, this company is engaged in all branches of the oil business in the Southwest. Pipe line system with capacity to handle three million barrels of crude monthly has been especially profitable in recent years.

**Gold Debenture 5½s, due 1932**—Both issues of debentures rank equally; direct obligation of company heavily backed by assets and earnings. Net working capital as of December 31, 1927, amounted to approximately the outstanding funded debt.

**Gold Debenture 5s, 1937** (see Deb. 5½s, 1932)

**Capital Stock (\$2.00†)**—Company enjoys excellent management which has been responsible for large expansion in operations for all divisions of the business and corresponding growth in earning power. Strong financial position further assures good future for shareholders.

**INDEPENDENT OIL & GAS Co.**—Company is principally a producer, but owns small refinery and casinghead plant in Oklahoma. Large undeveloped acreage in promising West Texas and Mid-Continent locations.

† (Including extras)

**Convertible debenture 6s due 1939**—Unsecured bond with conversion privilege at prices that range from 32½ to 44¼ for the common stock on a rising scale from 1928 to 1939. Interest earned over 5 times in 1927.

**Capital Stock (\$1.00)**—Company has shown a fairly steady earning power within recent years, with a particularly strong income statement last year made possible largely by expansion in Texas production.

**INDIAN REFINING COMPANY.**—Small refining company, whose principal product is lubricants, nationally advertised and distributed under the trade name "Havoline." Confines gasoline distribution largely to own service stations in the vicinity of its principal refinery at Lawrenceville, Illinois.

**Preferred Stock (\$7.00)**—No dividends paid since 1921, accumulated dividends amounted to 45% on July 1, 1928. Convertible into common stock on the basis of 1 preferred for 5 common. Stockholders approved plan to pay off accumulations in new preferred stock.

**Common Stock**—Reduction in 1927 earnings was largely due to lower refined prices, sales volume increasing, extensive improvements to properties financed by sale of 5½% notes and mortgages improves the operating position of company.

**LAGO OIL AND TRANSPORT CORP.**—The leading Venezuelan oil producer, controlling oil concessions on over 3 million acres, covering a large part of the entire bed of Lake Maracaibo. Production in 1927 amounted to over 15 million barrels, with a present potential production of around 125,000 barrels a day, held back by inadequate transportation and poor market prices for crude oil.

**Capital Stock**—Majority of approximately four million shares outstanding, is owned by Pan American Petroleum & Transport; earned about \$2.00 a share in 1927 with output more than doubled over the previous year. Large potential earnings.

**LOUISIANA OIL REFINING CORP.**—Small oil company with most of its production in Arkansas and Louisiana. Sells about half of its gasoline and lubricants through its own stations.

**Preferred Stock (\$6.50 convt.)**—Convertible for four shares of common stock up to Feb., 1929; paid dividends regularly since issue was created in Jan., 1926, average earnings show comfortable margin.

**Common Stock**—Company has made good progress in rounding out its organizations but still occupies speculative position under present conditions in the oil industry.

**MARACAIBO OIL EXPLORATION.**—Controls about half a million acres of Venezuelan oil lands on selected sites in the Maracaibo Basin, part of which is being exploited by Gulf Oil and Standard Oil of New Jersey on royalty and bonus basis.

# THE MAGAZINE OF WALL STREET'S Ratings of Petroleum Securities

B1

**Capital Stock**—Shares represent equity interest in oil land development proposition which has interesting but speculative prospects of future exploitation..

Recent Price	Yield %	Rating
16	..	B2

B1

**MARLAND OIL COMPANY.**—An efficiently managed independent oil company which is credited with substantial financial sponsorship. Properties represent a complete cycle from production, diversified among numerous fields, to refineries and distribution facilities in the Mid-Continent district.

**Capital Stock**—Conservative reserve policies and writeoff of inventory crude to low market values represent earning power obscured by the deficit shown in 1927. Efficient refining properties, strong financial condition and large crude reserves place company in favorable position .....

35	..	A
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B1

**MEXICAN SEABOARD.**—A holding company which controls about 300,000 acres in Mexico and 600,000 undeveloped acres in Venezuela, through subsidiaries. Production has fallen from peak of 15 million barrels in 1924 to less than 4 million barrels in 1927.

**Capital Stock**—Deficit shown since 1925, preceded by highly irregular income, makes shares extremely speculative. Some hope in favorable political situation in Mexico .....

24	..	B2
----	----	----

B2

**MID-CONTINENT PETROLEUM CORP.**—Important independent producer and refiner, with properties located principally in Oklahoma, Kansas and Texas. Increased both acreage and production in 1927. Modern refinery equipment and expanding casinghead output gives advantageous operating position.

**1st Mortgage 6½s due 1940**—Secured by first mortgage and collateral and further protected by sinking fund sufficient to retire outstanding bonds by their maturity date. Callable at 105....

105½	5.7	B1
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**Preferred Stock (\$7.00 convt.)**—Dividends earned by unusually large margin; 1927 earnings equal to over \$52 a share. Convertible privilege of no immediate value. Callable at 120.....

112	6.2	B1
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A

**Common Stock**—Company in sound financial condition and should be able to operate with advantage with improved conditions in the petroleum industry. Earned \$2.00 last year.....

28	..	A
----	----	---

B1

**PAN AMERICAN PETROLEUM & TRANSPORT Co.**—One of the leading importers of crude oil with extensive production in Mexico and Venezuela through its ownership of Mexican Petroleum Co., Ltd., and Lago Oil & Transport. Treats part of its own crude and sells gasoline along Eastern seaboard through its own stations.

**Convertible 6% S. F. Gold Bonds, due 1934**—A general obligation of company unsecured by mortgage but well protected in assets and earnings. Total funded debt less than 13 million dollars, followed by common stock valued in market over 160 millions.....

103	5.5	A
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B1

Recent Price	Yield %	Rating
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**Common Stock (Class B)**—Control acquired in 1925 by Standard Oil of Indiana gives Pan American strong sponsorship. Earnings reflect partial shutdown of Mexican operations which are likely to be resumed following adjustment of oil controversy. Foreign production expected to show large gains .....

43	..	A
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**PANHANDLE PRODUCING & REFINING Co.**—One of the smaller Mid-Continent companies; principally a crude oil producer but operates a small refinery at Wichita Falls, Texas. Operations during past five years have failed to show profits.

**Preferred Stock (\$8.00 convt.)**—Dividends have not been paid since 1923; 40 per cent in arrears as of July 1, 1928 sells on purely speculative basis with no immediate prospects of resumption of payments .....

90	..	B2
----	----	----

**Common Stock**—Company occupies none too enviable a position either from an operating nor a financial standpoint. Past earnings decidedly unsatisfactory .....

15	..	B2
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**PHILLIPS PETROLEUM COMPANY.**—Principally a crude oil producer, with a large output of casinghead gasoline, however, which has grown from an annual output of less than 400,000 gallons in 1918 to almost 185 million gallons in 1927. Owns extensive crude oil and gas reserves.

**Debenture 5½s, due 1939**—A direct obligation, well protected in assets and earnings, with suitable indenture provisions preventing the mortgaging of fixed assets without equally securing this issue. Active sinking fund is operative .....

92	6.1	B1
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**Capital Stock (\$1.50)**—Dividend rate cut in half April, 1928, to present basis to conserve cash. Company has strong financial position and owns valuable crude and natural gas supply which will permit expansion of earnings in improved oil market.....

37	4.0	A
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**PURE OIL Co.**—Outgrowth of natural gas enterprise but discovery of oil and subsequent acquisitions of oil properties has long since converted activities into large-scale production, refining, transportation and distribution of oil.

**5½% Gold Notes, 1937**—Comprises entire funded debt. Not secured by mortgage but retireable 5% each year by sinking fund. Interest charges covered about 6 times in last fiscal year in face of considerable drop in income...

99	5.7	A
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**Preferred Stock (\$8.00)**—Rank equally except with respect to dividend rate. Principal market for 6% preferred is in Cincinnati, and for 8% stock in New York. Difference in yield accounted for by callable price of 110 for both. Margin of safety much reduced last year as was to be expected, but dividend requirements were still earned more than twice over .....

113	7.1	A
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**Preferred Stock (\$6.00) (see 8% pfd.)**

98	6.1	A
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**Common Stock (\$5.00)**—Earnings per share in last fiscal year were reduced from a normal figure above \$3 to 96

(Please turn to page 528)

# Can Our Buying Pools Overcome Foreign Monopoly?

THE United States Chamber of Commerce recently urged that the Government sanction the formation of import associations or buying pools to permit collective buying of raw materials which are controlled by foreign monopolies. This has focussed attention upon the great development in foreign government control of such important raw material as rubber, mercury, sugar and others, which are vital to the welfare of the American industry.

There are at present governmentally controlled combinations in nine raw materials, namely, Egyptian long-staple cotton, camphor, coffee, iodine, nitrate, potash, mercury, rubber and sisal. There are other cases of virtual monopolies, like quinine and silk, which are more indirectly influenced through benevolent policies of the interested governments. There are some 20 or 30 other commodities in the world which could likewise be controlled by action of one government or by agreement between two governments.

In 1925 Cuba initiated a plan to restrict the production of sugar and thereby to stop overproduction. One of the leading Cuban politicians went to Europe to endeavor to prevail upon the representatives of other sugar producing countries to join the scheme. He failed in obtaining any universal agreement. During 1927, while Cuba was practicing the sugar restrictions,

HEREWITH is a list of the chief raw materials which are controlled through foreign monopoly:

CAMPHOR	POTASH
COFFEE	MERCURY
IODINE	RUBBER
NITRATES	SISAL
EGYPTIAN LONG-STAPLE COTTON	

the world production of the commodity increased 5½%. Thus it was found that Cuba may have believed that she obtained a better price for her crop, yet the remainder of the sugar producing world profited at her cost. Again the centrals of Cuba have been restricted in the amount of cane they may accept, and again a part of the wealthy cane lands are laying fallow. Replantings are being neglected.

The experiment in Cuba is just beginning, whereas the experience of England with restricting the output of rubber is to be ended. The two cases are, in many respects, parallel and indicate the serious pitfalls into which a country may run an industry merely by its desire to stave off bankruptcy of its units as a result of excessive production. Economic law has always operated to prove that a production in excess of a possible market con-

sumption results in ruinously low prices. Such low prices have always been the best possible check to a continuation of excessive production. But countries as well as industries are not always willing to permit the failure of a few weak ones that the strong units can be preserved. The desire is to find some means of protecting all those engaged in the industry at the expense of the consuming world.

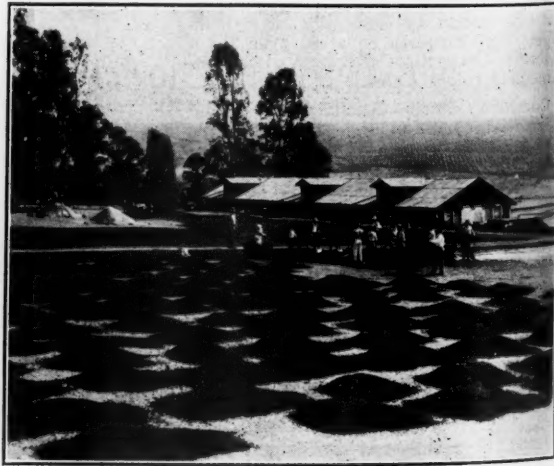
The so-called Stevenson plan for the control of exports of crude rubber, was initiated for the British colonies in October, 1922. It was put into effect at a time when rubber had gone to 15 cents a pound. It had been bringing around 70 cents during the war. The scheme in brief was to license all exports of crude rubber and to permit a normal export movement only so long as the price remained normal. The normal was based upon 1920 output, and the restrictions operated to permit an export movement of about 60%. The price climbed to 30 cents and then to \$1. At one time in 1925 spot rubber in New York sold for \$1.25 per pound. Wide fluctuations resulted from the uncertainty of what the restrictions would be, which were subject to change every three months.

America consumes two-thirds of the rubber produced throughout the world. Wherefore this restriction plan was operating severely against American interests. The Secretary of Commerce



Photographs by Ewing Galloway, N. Y.

Smoked rubber drying on a line in front of native hut a short distance from Singapore, Straits Settlement



Coffee in piles on the drying ground of one of the Sao Paulo plantations

# A Situation of Extreme Importance to American Consumers

By  
GILMORE IDEN

proposed an amendment to the Webb-Pomerene act which would permit American consumers to combine and pool their purchases. Without waiting for a formal action on the part of Congress the American rubber interests did create a buying pool, which came into the market, and, so it is alleged, obtained rubber at around 40 cents a pound.

In the meantime, however, the restriction plan was operating adversely upon the British colonies, who by this time had recovered from their first stress of deflation following the war. The Dutch planters had not restricted production, but had, on the other hand, greatly increased their plantations. Whereas British colonies had been producing more than 70% of the world's rubber prior to 1923, those plantations were now contributing less than 50% of the world's requirements. The Dutch, the French and the American plantations, which had sprung up and increased on lands without the control of the British, were reaping the rewards of a greatly increased world demand for rubber. This increased demand had been augmented in no small measure by the introduction of the balloon tire for automobiles, and the British were not profiting from that growth in the way the plantations could have profited had there not been restriction.

It was the result of an agitation started in the British colonies that prompted England finally to announce the abandonment of the Stevenson plan as of November next. This, however, is but a prelude to another plan, if one can be worked out, whereby the British and Dutch planters may by agreement prevent any great slack in rubber prices. The planters, it must be con-

fessed, are afraid of what the American buying pool may develop into and are afraid that after all the United States Congress may legalize such buying pools and thereby make it more difficult for them to manipulate prices up.

## Coffee Restrictions

Brazil produces two-thirds of the coffee supply of the world. In 1902 that country began restrictive operations by enacting a law penalizing the planting of new acreage. In 1906 the Government initiated a valorization scheme, whereby it attempted to fix the selling price of the commodity. Under that law the Government purchased the surplus crop and held it for a period of five years, selling off only as the desired price could be realized. Inasmuch as coffee lends itself to easy storage this scheme was possible and stocks so held were disposed of at a profit in the markets of 1911, 1912 and 1913. Again in 1917 and 1918 the Government raised a fund by an issue of paper currency to purchase and hold coffee off the market, which stocks were sold in 1919 at a handsome profit. A third time, in 1921-22, a loan was raised for this purpose, and it was again successful. More, recently, however, the Government has revised its plan and instead of buying coffee and storing it the state attempts to restrict the amount of coffee that shall move down to Santos for export. This movement is arbitrarily regulated to accord with the market, varying from 20,000 to 40,000 bags a day. By agreement a similar regulation is in force in the State of Rio de Janeiro for the port of Rio. Interior warehouses were constructed

and a Coffee Defense Institute organized by the Government.

The restrictions caused resentment in the export markets and American importers importuned the Department of Commerce and the Department of Justice to take such steps as may be calculated to break up the system. Legal difficulties have arisen inasmuch as the steps taken to restrict coffee exports have been at the sanction of a friendly state rather than by private commercial interests.

## Egyptian Cotton

The Egyptian Government has attempted, upon occasion to prevent any deterioration in the market for long-staple cotton by arbitrarily restricting the acreage planted. This has been possible through a method of regulating the reservoirs on the upper Nile and restricting the amount of irrigation. To offset such a movement efforts have been made to grow similar cotton in other parts of the world. The emergency of such efforts, however, have recently been considerably minimized by the rapid increase in the demand for such cotton incident to the development of the rayon industry.

On the other hand, the Mexican sisal growers were tightly organized and a single sales agency established to dispose of the crop. Inasmuch as a virtual monopoly was possessed the scheme proved decidedly successful and binder twine in the United States was rapidly increased in price. The agents in this instance, however, made the mistake of establishing a sales office in New York with American capital, which gave the United States legal grounds for proceeding against it un-

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Photographs by Ewing Galloway, N. Y.

A young native Formosan cutting up camphorwood preparatory to cooking out the camphor



Field of Maguey plants which yield Sisal and which is an important industry in Mexico

for JULY 14, 1928



Baltimore &amp; Ohio R. R. Co.

# B. & O. Reflects Superb Management

Road in Position to Immediately Reflect in  
Larger Earnings Any Increase in Gross Revenues

By MAX HALPERN

Year	Gross Revenue	Total Operating Expenses	Operating Ratio	Net Railway Operating Income	Interest on Funded Debt	Net Income	Dividends Paid	Earnings Per Share on Common
1923	\$255,594,435	\$199,323,961	77.9	\$42,133,129	\$25,743,613	\$22,422,035	\$9,951,864	\$13.21
1924	224,318,794	172,752,632	76.8	38,084,323	27,421,923	16,319,639	9,951,864	9.19
1925	237,548,939	179,099,597	75.3	43,034,067	28,730,555	20,793,508	9,951,796	12.13
1926	252,361,830	186,306,273	73.7	50,805,396	29,406,524	28,494,294	11,471,253	17.20
1927	246,078,510	186,168,521	75.65	44,817,227	30,091,076	22,632,345	13,319,019	11.10*

\* Based on the average number of shares outstanding at the close of 1927.

**T**HE record of the Baltimore & Ohio Railroad in recent years has been one of increasing efficiency of operations, rather than marked expansion in the volume of tonnage transported. Notwithstanding the latter, its traffic density has grown at a rate fully as rapid as that of New York Central or Pennsylvania, its principal competitors.

Although gross revenues declined approximately \$11,500,000 in 1927, some explanation for this decrease lies in the fact that almost 50% of its traffic comprises bituminous coal, production of which declined in the territory it serves, owing to labor difficulties. There was also a reduction in export coal traffic, due to the settlement of the British Coal strike.

The sharp rise in net operating income in March, the largest reported since November and the first increase in this item since last June, would seem to indicate that a turn for the better is probably at hand. Because of the highly efficient manner in which the road is operated, any increase of consequence in gross revenues finds reflection in a sharp increase in net railway operating income. The management

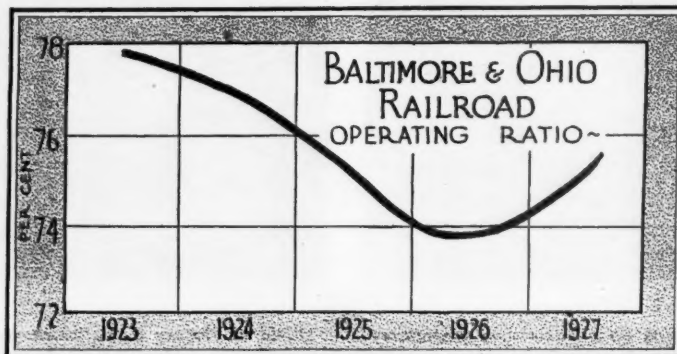
of this carrier has demonstrated substantial ability to return a large proportion of any increase in gross revenues to net railway operating income. It is this aspect that currently lends considerable interest in the possibilities of the common stock at this time.

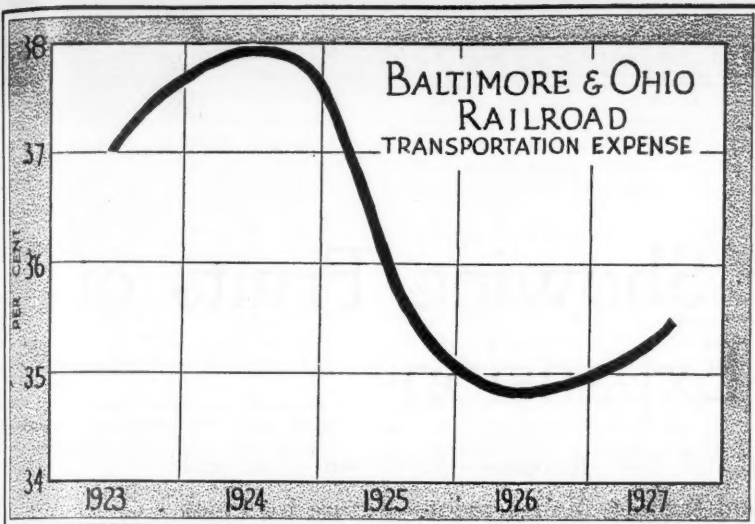
## Location

The lines of Baltimore & Ohio afford the shortest route from such mid-western points as St. Louis, Chicago, Cleveland, Cincinnati and Pittsburgh to the eastern tidewater at Baltimore. The strategic location of its lines may be ascribed to the fact that it was the first important railway company to be built in the United States. Its early growth was steady but uneventful; its real history dates from the close of the Civil War.

For many years, competition of the fiercest sort, between parallel lines from Chicago to the seaboard existed. This was further intensified by the rivalry of the great seaboard cities and involved traffic in both directions. The effects of these destructive rate wars were serious enough to cause the Baltimore & Ohio to abandon its aggressive position and enter into negotiations with other railroads. These agreements were not lived up to, except temporarily. The results of this competition had a more important effect in years to come, for coupled with unsatisfactory traffic conditions, the company pursued too liberal a dividend policy. Financial difficulties grew and became very acute during the depression of 1893. In 1896, the road went into receivership but was reorganized without foreclosure in 1899, from which year the present company dates its origin.

The main line extends southwest from Philadelphia to Baltimore and thence westward through Washington, D. C., across Maryland to Cumberland, where it diverges. One branch continues in a northwesterly direction into Pennsylvania and passes through such impor-





between these two points should do much to prevent congestion on this line.

#### Nature of Traffic

The fact that Baltimore & Ohio serves an intensively developed industrial area in which its raw materials are located, readily explains why approximately 63% of its tonnage originates on its own lines. Products of the mines comprised 62.8% of the total and the largest item under this classification was bituminous coal. The latter which totaled 50,646,505 tons in 1927 constituted 46.8% of all the revenue freight carried. This item is subject to wide fluctuations, however, being sensitive to labor conditions and the degree of industrial activity in the territory served by Baltimore & Ohio. Manufacturers and miscellaneous comprised 25.4% and among the important items in this group were steel products, which amounted to 6.5%. Other items such as products of forests, agriculture and animals amounted to 4.3%, 4.5% and 1.1% respectively. Less car load freight comprised 2%. As previously mentioned, no increase of importance is reflected in the volume of tonnage moved since 1923, but from 1924 to 1927 the total revenue freight increased from 94,078,116 to 108,495,849 tons. With the exception of 1926 the tonnage carried in 1927 exceeded the volume carried in any other year.

Although 1927 gross revenues reveal a decline of 9.52 million dollars as compared with 1923, the foregoing should not necessarily be construed as any lack of progress. A considerable portion of this decline resulted from passenger revenues, to which tendency the Baltimore & Ohio appears to be no ex-

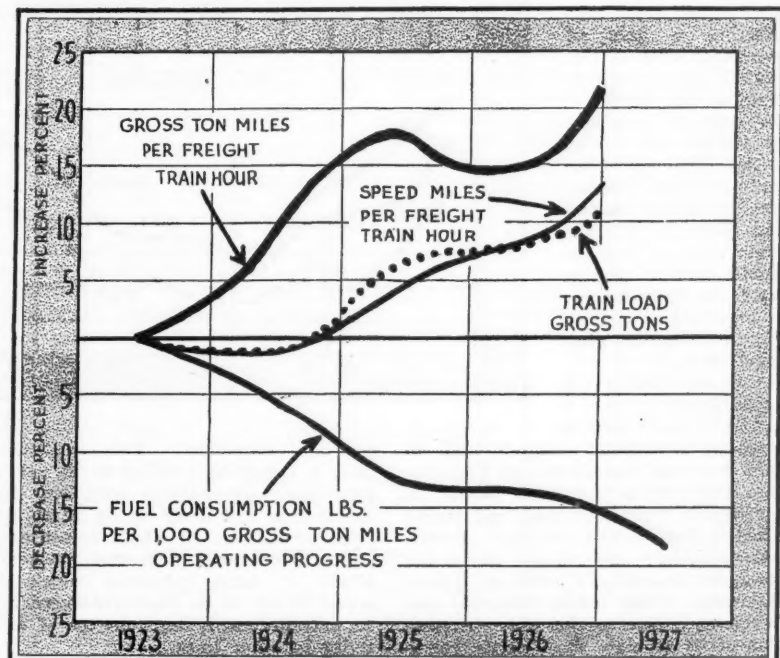
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tant industrial centers as Connellsville and Pittsburgh and Youngstown, Ohio. From the last named city, a westerly route is assumed, through Akron, Ohio and across Indiana to Chicago, where the western terminus of this branch is located. By means of branch lines, such important Lake Ports as Cleveland, Sandusky and Lorain in Ohio are reached. Numerous other industrial centers located in Ohio to the south of this part of the system are also made accessible by branch lines. The southern division continues westward across Maryland and West Virginia, whose bituminous coal fields the Baltimore & Ohio serves by means of another network of feeders. The line continues through southern Ohio and Indiana and terminates in St. Louis, Missouri.

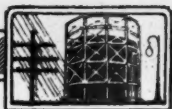
The Cincinnati, Hamilton & Dayton Division affords a connection between Toledo and Cincinnati. This line is one of very heavy freight density in both directions. Another line running southwest from Pittsburgh passes through Wheeling, West Virginia, and Zanesville and Newark, Ohio. At the latter city, this line diverges, one stem continuing through Columbus and joining the southern division. The other branch also forms a loop making a connection with the northern part of the system. In 1926, Baltimore & Ohio purchased 96% of the outstanding common and preferred stock of the Cincinnati, Indiana & Western Railroad. As a result of this acquisition, it gained an entry into Indianapolis. The territory served by the Baltimore & Ohio System is the richest, most densely populated and from an industrial standpoint, the most highly developed in the United States. At the close of 1927, the company operated 5,638 miles of road.

From a consolidation standpoint, Baltimore & Ohio stands to gain considerably, since tentative plans call for the absorption of Reading and its valuable subsidiary, the Central Railroad of New Jersey, thereby giving the system access to New York Harbor. The

substantial interest in Reading has been constantly stressed. Of vast importance is the fact that recently an interest in Western Maryland was acquired. Inasmuch as Baltimore & Ohio is a "soft coaler," some idea of the value of the new acquisition should be helpful. Although a large portion of its eastbound coal traffic moves to Baltimore, a substantial amount of this tonnage leaves its lines at Cherry Run, West Virginia, and thence moves over the Western Maryland lines to Shippenburg, Pennsylvania, where it is turned over to the Reading for points in Pennsylvania, New York and New England. The greatest traffic density occurs between Cumberland and Baltimore, Maryland, due to the fact that the eastbound movement is augmented, coming as it does from both northern and southern divisions. The rerouting



A Record of Rising Efficiency of Baltimore & Ohio.



Electric Power &amp; Light Corp.

# Company Showing Fruits of Expansion

Gains in Gross and Net Revenue—Stock on Dividend Basis—Elect. Bond & Share Management—Future for Stock

By NEWTON R. CALLEY

**P**ROGRESS of Electric Power & Light Corporation in the past year reflects the results of the development program instituted by the company upon its organization three years ago. For the twelve months ended March 31, 1928, gross revenues of operating subsidiaries showed a gain over the preceding year of 4.7% and, as a result of higher operating efficiency, a substantial proportion of this gain was carried through to earnings available for the common stock thus effecting a gain of more than 20% in this item. Directors expressed confidence in the company's outlook by declaration of an initial dividend of 25 cents on the common stock in March. A second payment of the same amount was declared three months later, and the issue may be regarded as virtually on a \$1 annual dividend basis.

Electric Power & Light Corporation is a public utility holding company organized in March, 1925, to take over the Utah Securities Corporation and various properties located in the South and Southwest, all under Electric Bond & Share control. Principal operations are carried on in the states of Louisiana, Mississippi, Texas, Arkansas, Utah, Idaho, Colorado and Wyoming. Due to the wide distribution of its subsidiaries, Electric Power & Light Corporation enjoys a great diversity of operations, both geograph-

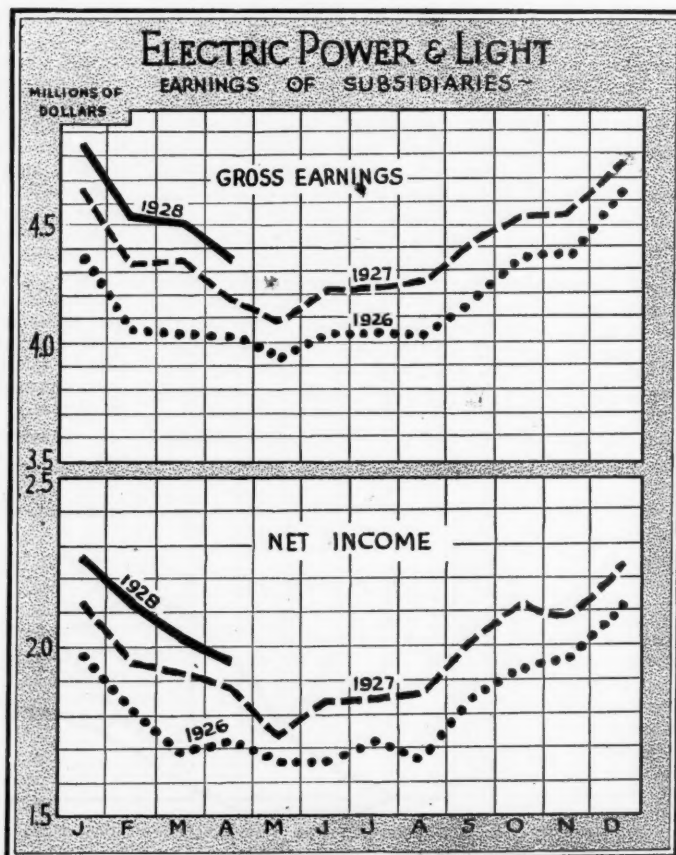
ical and industrial. This condition lends a beneficial stability to its revenues: poor agricultural conditions in one section are likely to be offset by boom conditions in another section; and a temporarily depressed state of affairs in some industries which it serves is apt to be counterbalanced by an extraordinarily high degree of activity in other lines.

Since organization of the company, increases in both gross and net earn-

ings of subsidiaries have been achieved in every month as compared with the corresponding month of the preceding year. In the company's early history this was accomplished, at least in part, through the absorption of additional properties. These naturally increased the company revenues but their purchase also involved an increase in Electric Power & Light Corporation's capitalization so that their effect upon share earnings was largely diluted. In the past year, however, no such sources have helped the company to establish its regular monthly gains in earnings. Its recent progress has been due to the increasing utilization of existing facilities. In this direction there remains great possibilities for expansion in both gross revenues and net earnings.

*An Intensive Development Program*

Under the able direction of the Electric Bond & Share management, which is closely affiliated with the General Electric Company, an intensive development program was instituted when Electric Power & Light Corporation was formed. Heavy investments were made to extend transmission lines and to effect interconnection with other properties. Many new communities were thus reached which previously either had been without electric service or had been served



by antiquated, inefficient plants. Large sums were spent for enlarging and modernizing generating stations. In this way it was planned to increase gross revenues by bringing the company's service to a larger group of consumers and to increase net earnings both in this way and by attaining greater operating efficiency. Such a development program required considerable time for completion; indeed, such a program can scarcely ever be said to be finished for an alert management is always discovering new requirements which must be met and new improvements which promise to better conditions.

The advantages accruing from this development program will take many years for full realization. The capacities of many of the power plants were raised above what they will be called upon to deliver for some time to come; but, as the territories served by the company grow and their demand for electric service rises, the advantages to be gained from the development expenditures should become increasingly evident. Not only should gross revenues be increased without a proportionate outlay in capital investment, but net earnings should be swelled also through a higher degree of operating efficiency.

#### Past Year's Results

In an accompanying table are shown the consolidated earnings of subsidiaries and of the parent company for the twelve months ended March 31, 1928, which are compared with the results of the preceding twelve months. Company reports every month the gross earnings of its subsidiaries and their net earnings after taxes but before depreciation, interest, etc. Earnings of the parent company are reported quarterly. Its gross earnings include the undistributed income of subsidiary companies applicable to Electric Power & Light Corporation after depreciation appropriation. Its net income is after expenses and interest, and the earnings available for the common stock are after allowing for preferred dividend requirements on the first and second preferred stocks of Electric Power & Light Corporation.

The gross earnings of subsidiaries showed a 4.7% gain in the year ended March 31, 1928, over the preceding twelve months. Net earnings of subsidiaries, however, showed nearly twice as large a gain, or 8.3%. This greater proportional gain in net as compared with gross reflects the improved operating efficiency attained during the later period. The operating ratio (that is, the per cent of gross earnings consumed by operating expenses) decreased from 56.2% in the 1927 year to 54.7%

in the 1928 year. This reduction of approximately one and one-half points in the operating ratio is of great importance as regards net earnings, and the company's steadily decreasing operating ratio indicates that the amount of gross being saved for net earnings is constantly being increased.

#### Earnings on Common Stock Gain

Gross earnings of Electric Power & Light increased by 8.8% in the year ended March 31, 1928, as compared with the preceding twelve months. The gain in the net income of the corporation was 13.7%. In this case the greater than proportional gain in net income as compared with gross earnings reflects the reduced operating overhead of the parent company. It is natural to expect that various expenses incidental to getting the company started would be eliminated after the first two years. This presumably is what happened in the past year: various expenses caused by absorption of new properties which came out of 1927 revenues were saved in the following year.

By far the greatest percentage gain, however, was recorded in the earnings available for the common stock which showed an increase of 21.3%. Thus, approximately 91% of the gain in Electric Power & Light Corporation's gross earnings was carried through to the amount available for the common. This situation well illustrates the position of the common which, due to the nature of the capitalization of the company and its subsidiaries, makes it possible for the great bulk of the gains in earnings to be retained for the common stock. In the two periods under consideration no spectacular growth was witnessed, only a steady progress; nevertheless, when interpreted in share earnings on the common, the gains seem considerable. Earnings per share on the common stock in the twelve months ended March 31, 1928, were \$2.09, contrasted with \$1.72 in the preceding year.

#### Company's Capitalization

Electric Power & Light Corporation has no funded debt although bond issues are outstanding in the names of its subsidiaries. The parent company's outstanding capitalization consists of 481,886 shares of \$7 cumulative pre-

ferred stock, 110,741 shares of \$7 cumulative second preferred stock, 1,776,210 shares of common stock, and option warrants entitling holders to purchase 762,648 shares of common stock at \$25 a share. Revenues are derived largely through the dividends received from the ownership of the common stock of subsidiaries (in most cases 100% owned as far as common stocks are concerned). In some cases, however, income is augmented through the ownership of some preferred stocks of subsidiaries.

Of the total gross revenues of Electric Power & Light Corporation's subsidiaries approximately 61% is derived from electric power and light, 7% from gas, 30% from transportation, and 2% from miscellaneous business including water supply and ice. These percentages applied for the full year 1926 and it is likely that they have not changed materially. The percentage now being derived from electricity is no doubt somewhat higher than in 1926 due to the fact that this is the fastest growing division of the company's operations.

#### Industries Served

The connected load of the corporation's subsidiaries at the end of 1926 aggregated 894,723 kilowatts. An idea of the diversity in the character of the industries served is obtained from segregating for the various lines of industries served their respective percentages of the total connected load. Copper mining, mills and smelters were connected for 54,731 kilowatts, or 6.1% of the total; water works and irrigation pumping, 4.0%; all metal mining other than copper, 3.3%; hotels, stores and office buildings, 3.1%; grain elevators, flour and feed mills, 2.0%; ice companies, 1.8%; railroads and railway shops, 1.8%; paper and pulp mills, 1.7%; coal mining, 1.7%; and cotton gins, 1.3%. No other single lines of industry was connected for as much as 1% of the total connected load.

Altogether, commercial power accounts for 397,585 kilowatts, or 44.4% of the connected load. Commercial and residential lighting accounts for 51.4%, sales to other public service corporations for 3.1%, and municipal lighting for 1.1%.

#### Operating Subsidiaries

Operating subsidiaries at the end of 1926 served a total of 533 communities. Aggregate population served was estimated at 1,733,000. Among the largest cities served are New Orleans, served through New Orleans Public Service, Inc., South New Orleans Light & Traction Company, and West New Orleans Light & Traction Company; Dallas (Please turn to page 519)

### Gain in Electric Power and Light Earnings

	12 mos. ended Mar. 31, '28	12 mos. ended Mar. 31, '27	Gain	% Gain
Gross earnings of subsidiaries.....	\$53,154,175	\$50,769,973	\$2,384,202	4.7%
Net income of subsidiaries after taxes but before depreciation, in- terest, etc. ....	24,085,107	22,233,845	1,851,262	8.3%
Gross earnings of Electric P. & L. Corp. ....	8,851,282	8,137,591	713,691	8.8%
Net income El. P. & L. ....	7,774,142	6,835,992	938,150	13.7%
Earnings available for El. P. & L. common ....	3,713,179	3,061,966	651,213	21.3%
Per share on common .....	\$2.09	\$1.72	37c	21.3%

for JULY 14, 1928



# Bond Market Reaches an Important Point in its Career

Some Plain Facts on the Situation

By WILLARD WHITNEY

**B**OND prices will advance the rest of the year! Bond prices will continue to decline until the end of the year! The first assertion comes from medium-sized and large investment houses and many banks. Individual and institutional buyers of bonds make the second assertion.

The group asserting bonds will advance—the wish may be father to the thought—either have the biggest inventories of unsold bonds in five years or have a gross paper loss of 2½% on their holdings. Those declaring that bonds will continue their descent either have cashed in stock or bond market profits and are anxious to reinvest such funds or expect to get money which can be used to buy bonds.

Both groups are entitled to their opinions. Difference of opinions makes markets, races and elections. Certain groups of facts and statistics can be utilized to defend an argument either for or against rising or declining markets. Both sides, however, agree that one or all of three factors—tighter money, undigested new issues and probable rising commodity prices—in varying degrees caused the recent recession in bond quotations.

## Trend of Capital Refunding

The volume of refunding since 1922, in proportion to corporate financing, has doubled. The amount of new capital and refunding for the first six months of the years 1922 to 1928 inclusive and the percentage of refunding to new financing follows:

Year	New Financing	Refunding	Percentage Refunding to New Financing
1922.....	\$1,732,287,490	\$359,896,000	17
1923.....	2,098,745,710	381,931,000	18
1924.....	2,064,372,690	253,975,000	12
1925.....	2,762,023,796	436,280,000	16
1926.....	3,163,559,940	493,393,000	15
1927.....	4,169,067,395	1,088,016,000	26
1928.....	4,181,396,495	1,481,774,808	34

Before discussing the probable causes for the decline and their future effects, it might be well to sketch the course of the market from January to July. Daily bond prices, no matter what set of charts or averages be employed, show a slight rise about the middle of January, a fairly steady level until the first part of April and a wide down-swing from the beginning of May until the middle of June when a slight up-turn took place. The daily averages reached their post-war high around January 13, 1928, and touched their lowest point for the first half of the year about June 13, last.

High-grade bonds faltered before the end of January. Virtually all charts

and statistics agree on this point. They are equally unanimous that prime bonds hesitated the first two weeks in February, slipped the last fortnight of that month and rallied briskly until the last week in March, from which time they declined at varying speeds until the middle of June.

Production figures and graphs show industry was at or near its low point in January, gained in February and tapered in March, after which it recorded more or less constant upward trends. Commodities in March and April spurted, but reacted somewhat in May and June. Now let us see what happened to money rates.

The average renewal rate on call money for January was 4.258%. In February and March it was 4.362 and 4.468 respectively while in April and May it was 5.025 and 5.677%. The renewal rate averaged 6.166% in June, the highest price since 1921.

Price of 90-day loans in January averaged 4.37%. In February and March it was 4.88 and 4.64%, respectively, while in April and May it was 4.94 and 5.23%. Ninety-day loans averaged 5.78% in June, their highest price since 1921.

## Trend in New Financing

The amount of new financing, from the first half of 1923 through the same months of subsequent years including 1928, shows a constant increase. The character of this financing, however, has changed, as is indicated by the following table, which shows a percentage of Rail, Industrial and Public Utility flotations to total volume of securities marketed:

Year	Total	Rails	Industrials	Utilities
1923.....	\$2,098,745,710	\$359,454,500 (11%)	\$1,213,679,320 (59%)	\$625,611,890 (30%)
1924.....	2,064,372,690	498,782,000 (24%)	658,130,270 (32%)	907,460,420 (44%)
1925.....	2,762,023,796	360,791,340 (13%)	1,346,431,200 (49%)	1,054,803,355 (38%)
1926.....	3,163,559,940	251,372,000 (7%)	1,633,869,745 (50%)	1,278,318,195 (43%)
1927.....	4,169,067,395	632,789,200 (15%)	2,016,327,265 (49%)	1,519,950,940 (43%)
1928.....	4,181,396,495	534,611,800 (13%)	2,069,151,975 (49%)	1,577,633,720 (44%)

The outflow of gold and the Federal Reserve's policy of selling United States Government securities to check security speculation, instead of offsetting the gold loss by the purchase of securities in the open market, preceded the firming of money rates and the decline of bond quotations.

Net exports of gold in January and February approximated \$14,000,000 and \$11,000,000 respectively. In March and April net gold exports were \$95,000,000 and \$91,000,000 respectively while in May and June they were \$82,000,000 and \$54,000,000, respectively. Between January 1 and July 1 the Federal Reserve Banks disposed of about \$250,000,000 of United States Government securities in open market operations.

High-grade bonds faltered before the end of January. It was then that the traders in United States Governments, legal rails, equipment trust certificates and municipals began taking profits. Expert handlers of high-grade bonds learn to gauge money rates, industrial activity and commodity prices. They know a maximum profit may be secured from prime bonds when industry is near a minimum of activity.

Changes in prime bonds always precede revisions in pure interest rates. Bond experts always sell their gilt-edged securities at what appears to be the bottom of the industrial cycle. They then reinvest the proceeds in speculative securities which should then enjoy an upswing.

Local institutions close to the Federal Reserve Banks sold their gilt-edged bonds during the first three months of 1928. Country banks, in-

surance companies and newly formed investment trusts were buyers of prime bonds during that period.

It may or may not be significant, but the banks that sold high-grade issues at the first intimations of tighter credit have not yet started to accumulate such securities.

Legal rails, for instance, have not yet declined as much as in 1925 or in 1923 in proportion to the rise in money rates during these three periods. Perhaps legal rails are attaining a scarcity value and therefore will not decline much further. Other high-grade issues, however, have not tapered to the same extent, in proportion to money rates, as was the case in 1925 and 1923.

#### Further Decline in Bonds?

This makes some observers believe prime bonds are due for greater depreciation. These observers assert money rates will continue relatively firm for months. They cite the increasing amount of call loans being converted into 90 to 180 day loans as evidence of a rather widespread belief that money will be tight for the rest of the year.

*These events stand out in the first half of 1928. High-grade bonds were freely sold during the first three months by institutions usually regarded as shrewd investors. Meanwhile, money tightened. Bond prices then declined. Experienced investors have not repurchased high-grade issues, because they believe money will remain high for the time and cite the volume of call loans being converted into time*

*loans as the basis for this belief.*

How about the relationship between commodity prices and undigested new securities and declining bond values?

Drooping bond prices may be in anticipation of an inflation of commodities. Between 1920 and the middle of 1927 more than \$2,500,000,000 of gold flowed into this country. Federal Reserve policy prevented an inflation of commodities. It did not prevent inflation, however, in securities and real estate.

Since the first of the year world commodities have pointed upward. This resulted from the accomplishment of the stabilization of European currencies, the outflow of gold, the building up of European Central Bank reserves and expansion of European business. This country to a limited extent has participated in the upward trend of commodities.

#### Commodity Prices

Following the post-war inflation and the subsequent deflation, commodities were irregular. They revealed a falling level, however, from 1925 until the early part of this year. This decline in commodities, accompanied by a fair degree of business activity, contrary to popular belief, is not new. There were five such periods between 1880 and 1928, and in each instance, where business was sustained despite falling price levels, they always ended with an upturn in prices and a really rapid expansion of business—frequently of boom proportions.

Economists in predicting higher  
(Please turn to page 526)

### How New Bond Issues Have Fared in the Market

THE following table shows a group of securities floated between January 1 and June 1. It does not include flotations after June 1, as thirty days is considered inadequate to establish a market.

It will be observed that all of the issues are for \$10,000,000 or more. They were selected to show the changes in price that have occurred in securities, the size of which might reasonably claim for them a national market.

They are divided into: Foreign, Utilities, Industrials and Rails.

The compilation shows the name of security, amount, maturity interest rate, original offering price, market price as of June 30 and the net change between the prices on date of flotation and at the middle of the year.

#### Foreign

Security	Amount	Maturity Date	Interest Rate	Offering Price	Price June 30	Net Change
Denmark .....	\$55,000,000	1962	4½	96	90	- 5
Australia .....	50,000,000	1966	4½	92½	89½	- 3½
Rep. of Colombia .....	35,000,000	1961	6	96	92½	- 2½
German Central Bank for Agricultural Farm Loan .....	30,000,000	1936	6	96½	96½	—
Kingdom of Norway .....	30,000,000	1963	5	97½	95½	- 2
Chili Mtro. Bank .....	20,000,000	1961	6	96½	94½	- 1
German Municipal Loan .....	17,500,000	1947	6	94½	94½	— ¼
Berlin .....	15,000,000	1958	6	95	95	—
Gelsenkirchen Min. Corp. ....	15,000,000	1934	6	97	96½	- ½
German General Elec. ....	10,000,000	1948	6	94½	94½	—
Warsaw .....	10,000,000	1958	7	89	87½	- 1½

#### Utilities

Assoc. Gas & Elec. Co. ....	\$83,000,000	1948	4½	97	108½	+ 6½
Amer. Gas & Elec. Co. ....	50,000,000	2028	5	101	97½	- 3½
Cincinnati Gas & Elec. Co. ....	35,000,000	1968	4	92½	89½	- 3½

#### UTILITIES (Continued)

Security	Amount	Maturity Date	Interest Rate	Offering Price	Price June 30	Net Change
Metropolitan Edison 1st Series B .....	23,000,000	1968	4½	99½	99½	—
Shawinigan Water & Power 1st Col. Trust .....	10,000,000	1968	4½	98½	95½	- 3½

#### Industrials

Inland Steel Co. 1st Series A .....	\$30,000,000	1978	4½	95	92	- 3
Wheeling Steel Corp. 1st Ref. Series B .....	21,000,000	1983	4½	93	89½	- 3½
Certain-teed Products Corp. Series A .....	13,500,000	1948	5½	98½	93	- 5½

#### Rails

St. Louis-San Francisco Railway cons. mtgo. Series B .....	\$100,000,000	1978	4½	97	90½	- 6½
Union Pacific .....	20,000,000	1968	4	92½	88½	- 4½
Wabash Rwy. Co. Series C .....	17,867,000	1978	4½	95½	92	- 3½
Denver Rio Grande Western Series B .....	12,000,000	1978	5	96	93	- 3

# A Convertible Issue with Possibilities

Company in Process of Building but Has Shown Good Results Thus Far

By WALTER L. HORNER

**F**INANCING by means of debenture bonds convertible into the common stock of the issuing company has come into vogue in the last year or two, especially on the part of the smaller units in the petroleum industry which have desired to fortify their working capital position during the critical period of subnormal earning power in the industry, but without permanently increasing their funded indebtedness. The conversion point in bonds of this character is often placed at a figure not sufficiently in excess of the prevailing market as to render unlikely an advance through such a price in the event of any sustained improvement in the oil situation.

These generalizations are applicable only in part to the Warner-Quinlan Co., for its financing has been more for purposes of expansion than augmenting working capital as such, and its earnings have stood up in an impressive manner during the period of low oil prices, but otherwise the situation in regard to the bonds is analogous, and the recent action of the common stock has been of a nature to warrant the prospect of a real stimulus to conversion.

## Conversion Privilege

The debentures were issued somewhat over a year ago to the extent of 2.5 millions, and entailed the right to convert into common stock at any time on the basis of 25 shares for each \$1,000 bond, or, in other words, at a price equal to \$40 a share for the common. In accordance with provisions in the trust agreement in connection with the issue of additional shares, the conversion price is now marked down to \$36.83 per share, thus reducing the already moderate spread above prevailing market levels. Before proceeding to the possibilities involved in conversion, it would be well to examine the status of the bonds from an investment standpoint, for unless this measures up to a good standard, the more speculative side of the picture is not apropos.

There is no mortgage security behind the issue, but the indenture contains protective provisions of a character often found in connection with

debentures. Except in the case of purchase money mortgages or mortgages for the purpose of refunding existing mortgages, no mortgage can be created without securing the debentures equally and ratably with the new obligations secured thereby, and, similarly, with the same exceptions, no subsidiary will be permitted to create a mortgage except to the company. Furthermore, no indebtedness of any kind having a fixed

of \$75,000. Interest, accordingly, without consideration of indeterminate but very moderate charges in connection with purchase money obligations outstanding, was covered nearly seven times over, and interest and sinking fund combined between four and five times.

Fixed assets at the close of last year, on the basis of depreciated figures carried on the books, were about eight millions, and net working capital alone amounted to nearly 3.5 millions, well in excess of the entire principal amount of debentures. The protection afforded by assets and earnings, in conjunction with a favorable record established by the company over a long period of years, places the bonds in a sound position in respect to equities.

The company in corporate form dates back to 1903, although the business was originally established as a partnership five years earlier. In the beginning, activities were confined largely to asphalt production, contracting and road construction work. Although asphalt, marketed under the trade name "Montezuma," still remains an important part of the company's output, it has become subordinated to a considerable extent to activities in connection with oil refining and the distribution of gasoline and other oil products.

## A Complete Unit

While operations are on a moderate scale in comparison with many of the oil organizations whose securities are listed on the New York Stock Exchange, the company is, nevertheless, a complete unit engaged in all branches of the industry, with facilities for transportation and producing properties in addition to the more important functions of refining and marketing. Gasoline is sold under the name of "Mileage," and through a subsidiary, the Mileage Gas Corporation, 126 service stations are operated in New York, New Jersey and Pennsylvania. Production of crude petroleum is handled through two subsidiaries, all of whose stock is owned by Warner-Quinlan, and whose properties in both cases are located in Mexico. The combined prop-

**HOLDERS** of these bonds are granted the privilege of conversion into the common stock of the company, at any time, on the basis of 25 shares for each \$1,000 bond, which is at the rate of \$40 a share for the stock. Provisions of the trust agreement in connection with the issuance of additional shares reduced this price to \$36.83, or within a point of the present market.

maturity of more than one year and with an equal or prior rank can be issued without the consent of 75% of the debentures outstanding. The bonds are subject to redemption at a price of 105 until April 1, 1932, on which date the figure drops to 104½, followed by a similar decrease of ¼% each year thereafter to maturity. Provision is likewise made for a sinking fund payable in an amount sufficient to retire \$37,500 of the debentures semi-annually by conversion, by purchase at a price not exceeding the then prevailing redemption price, or by redemption on the regular basis. Sinking fund operations extend from April 1 last to October 1, 1941, and will retire approximately 40% of the issue before maturity even if no conversion should take place.

## Earnings Ample for Interest Charges

Consolidated net earnings in 1927 available for interest, after all prior charges, including depreciation, depletion and taxes, were approximately one million dollars as against annual interest requirements on the debentures amounting to \$150,000 and annual contributions to the sinking fund

erties comprise about 32,000 acres of oil lands, of which there are developed wells yielding a production in excess of 4,000 barrels daily. It was reported only recently that additional acreage having a settled production even greater than that in Mexico had just been acquired in Texas, which should be of assistance in meeting the greatly augmented crude oil requirements of the company's refinery at Warners, New Jersey. Enlargements and improvements in the refinery designed to double the former capacity of 6,000 barrels daily are now under way and are to a considerable extent responsible for various new financing that has occurred in recent months.

#### Common Share Earnings

The stock capitalization has undergone so many changes of late that any estimate as to current share earnings would be purely conjectural and consequently of no great assistance at arriving at the indicated worth of the common stock as it affects conversion of the debentures. Consolidated earnings last year were equivalent to \$3 per share on the common stock then outstanding, but this was on the basis of 15,000 shares of preferred and 240,380 shares of common, whereas there are now 25,000 shares of preferred, inclusive of any that may have been converted in the meantime, the 6½% preferred being convertible into the junior stock on the same basis as the debentures, and 356,000 shares of common. The bulk of the increase in the latter is accounted for by 75,557 shares issued in payment for the Texas producing properties already mentioned. It would be misleading to apply 1927 earnings to the enlarged capitalization, for the additional earnings logically to be expected from the greater scope of refinery operations and from the new properties would in that way be left out of consideration, and it was for such purposes that the outstanding stock was increased. Current dividends on the common are at the rate of \$2 annually.

The common so far this year has covered a market range from 26 to slightly over 41, and at this writing is within a point of the conversion figure of 36.83. Under these circumstances, the bonds at a price around 106, yielding nearly 5.4% on a straight investment basis, offer attraction both for income and semi-speculative purposes, for each point advance in the stock above 36.83 is equivalent to an advance of more than 2.5 points in the bonds.

Warner-Quinlan's showing last year in the face of conditions in the industry of a most unfavorable character was highly impressive. Gradual improvement in this respect in conjunction with additional sources of revenue developed should produce share earnings in excess of the \$3 shown in 1927 in spite of a larger capitalization, and the debentures constitute the most conservative means of participating in whatever prosperity is in store for the company.

for JULY 14, 1928

## Bond Buyers' Guide

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

### Government

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current In- come	Yield to Maturity
Panama 5½s, 1933.....(a)	.....	.....	102½GT	102	5.4	5.4
Dominican 5½s, 1942.....(a)	.....	.....	101G	99	5.5	5.6
Haiti 6s, 1932.....(b)	.....	.....	100	100	6.0	6.0
Argentina 6s, 1939.....(a)	.....	.....	100	100	6.0	6.0
Chile 6s, 1934.....(a)	.....	.....	100	94	6.4	6.4

### Railroads

Rock Island-Frisco Terminal 1st 4½s, 1957.....(d)	.....	X	102½T	97	4.6	4.6
Atchafalaya, Top. & S. F. Conv. 4s, 1955.....	267.4	4.75	110	91	4.4	4.6
Illinois Central 4½s, 1936.....(a)	.....	2.25	102½GT	100	4.7	4.7
Pennsylvania 5s, 1964.....	.....	2.75	105T	104	4.8	4.8
Central Pacific Guar. 5s, 1960.....(a)	.....	2.55	105GT	102	4.9	4.9
Southern Railway Dev. & Gen. 6s, 1936.....	133.8	1.90	115	115	5.2	5.0
Great Northern Gen. A 7s, 1936.....(b)	139.8	2.64	.....	113	6.2	5.0
Missouri Pacific 1st & Ref. 5s, 1977.....(a)	125.2	1.32	105A	99½	5.0	5.0
Cuba R. R. 1st 5s, 1952.....	.....	3.07	.....	99½	5.0	5.0
Western Pacific 1st 5s, 1946.....(b)	.....	2.29	100	99	5.0	5.1
Central of Georgia Ref. 5½s, 1959.....	31.1	1.80	105AG	107	5.1	5.1
Chesapeake Corp. 5s, 1947.....	.....	2.45	100	99	5.1	5.1
N. Y., Chic. & St. Louis Ref. 5½s, 1974.....(a)	55.6	2.49	107½	106	5.2	5.2
Chic. & W. Indiana 1st Ref. 5½s, 1962.....	49.9	X	105	104	5.3	5.2
Northern Pacific Ref. & Impr. 6s, 1947.....(a)	166.7	2.32	110G	114	5.3	5.3
Wabash Ref. & Gen. 5½s, 1975.....(a)	62.4	2.02	105AG	104	5.3	5.3
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952.....(b)	13.9	X	107½T	108	5.6	5.4
Minn., St. Paul & S. B. M. 1st 4s, 1938.....	.....	1.17	.....	88	4.5	5.5
Baltimore & Ohio Ref. & Gen. 6s, 1995.....(a)	284.2	1.56	107½AG	109	5.5	5.5
Vicksburg, Shreveport & Pac. Ref. 6s, 1973.....(d)	2.0	X	107½AT	103	5.8	5.8

### Public Utilities

Pacific Gas & Elec. Gen. Ref. 5s, 1942.....	34.6	1.95	105T	102	4.9	4.8
Hudson & Manhattan 1st Ref. 5s, 1957.....(b)	5.9	2.11	105	100	5.0	5.0
Mont. a Power Deb. 5s, 1962.....(a)	34.7	2.62	105T	100	5.0	5.0
Columbia Gas & Elec. Deb. 5s, 1952.....	.....	6.96	105T	99½	5.0	5.0
Utah Power & Light 1st 5s, 1944.....	.....	1.86	105	100	5.0	5.0
Indiana Natural Gas & Oil Ref. 5s, 1936.....	.....	2.69	.....	100	5.0	5.0
Consol. Gas of N. Y. Deb. 6½s, 1945.....(a)	.....	4.09	106T	106	5.2	5.0
Detroit Edison 1st & Ref. 6s, 1940.....(b)	14.0	2.41	107½T	108	5.5	5.1
Seattle Electric—Seattle Everett 1st 5s, 1939.....(d)	.....	1.76	105	96	5.2	5.4
Consol. Gas, E. L. & P. of Balt. 1st Ref. 6s, 1949.....(a)	32.2	2.69	107½T	106	5.6	5.5
Phil. Rm. Trans. 6s, 1962.....(c)	10.0	1.21	105	104	5.8	5.7
Amer. Water Works & Elec. Deb. 6s, 1975.....(b)	12.7	1.33	110	104	5.8	5.8
Twin City Rap. Transit 1st & Ref. 5½s, 1952.....(b)	4.4	2.30	105T	95	5.7	5.8

### Industrials

Gulf Oil Deb. 5s, 1947.....(c)	.....	15.39	104AT	100	5.0	5.0
Youngstown Sheet & Tube 1st 5s, 1978.....(a)	.....	4.12	105T	100	5.0	5.0
Allis Chalmers Deb. 5s, 1937.....(a)	.....	4.80	103T	99	5.0	5.1
International Match Deb. 5s, 1947.....(a)	.....	6.16	103T	98	5.1	5.1
Chile Copper Deb. 5s, 1947.....(a)	.....	6.26	102T	95	5.3	5.4
Sinclair Pipe Line 5s, 1942.....(a)	.....	4.27	103	94	5.3	5.6
Amer. Chain 6s, 1933.....(a)	.....	6.87	105	102	5.9	5.8
Amer. Cyanamid Deb. 5s, 1942.....	.....	4.10	100	94	5.3	5.6
Bethlehem Steel Cons. 6s, 1948.....	101.3	2.33	105	104	5.8	5.7
Loew's Inc. 6s, 1941 (ex warrants).....(a)	.....	6.70	105T	100	6.0	6.0
U. S. Rubber 1st & Ref. 5s, 1947.....(b)	2.6	2.60	105A	87	5.8	6.2
Schulco B 6½s, 1946.....(a)	4.0	X	103T	103	6.3	6.2

### Short Terms

Standard Milling 1st 5s, Nov. 1, 1930.....	.....	4.75	.....	100½	5.0	4.8
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931.....(a)	17.3	2.49	102	102½	5.9	5.1
Central of Georgia Sec. 6s, June 1, 1929.....	31.0	1.80	101AT	100½	6.0	5.5
Georgia, Carolina & Nor. 1st 5s, July 1, 1929.....	.....	1.28	.....	99½	5.0	5.5
Sloss-Sheffield P. M. 6s, Aug. 1, 1929.....	1.6	6.79	105	100	6.0	6.0

All bonds are in \$1,000 denominations only, except (a) lowest denomination \$500, (b) \$100. Earnings are on five-year average basis unless available only for shorter period. A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter.

# Position of Leading Merchandising Securities

With an Analysis of Eight Attractive Issues

Company	Year	Sales (Millions)	Net Income	Earnings per Share	Dividend Rate (Dollars)†	Ratio of Cur. Assets Cur. Liab.	Recent Price	Yield %
Abraham & Straus, Inc. ....	{ 1926 1927	N.R. 25.6	1.45 1.53	7.41 7.96	None None	6.7 6.3	96	..
Arnold Constable Corp. ....	{ 1926 1927	11.5 13.5	0.36 0.71	1.62 3.20	None None	2.4 3.2	38½	..
Associated Dry Goods .....	{ 1926 1927	N.R. N.R.	3.82 3.33	4.21 3.39	2.50 2.50	4.8 5.0	41½	6%
Best & Co. ....	{ 1926 1927	11.6 12.52	0.90 0.98	5.75 6.27	... 3.00	4.2 4.75	67	4.5%
Childs Co. ....	{ 1926 1927	27.4 31.0	1.68 1.50	3.83 3.18	2.40 2.40	.85 .70	44¾	5.33%
Drug, Incorporated .....	{ 1926 1927	91.2 95.4	7.24 6.76	... 5.24	... ... (b)	..	92	4.4%
Gimbel Bros. Inc. ....	{ 1926 1927	122.7 123.6	3.36 1.50	3.03 .08	None None	2.7 1.23	55½	..
Grand (F. & W.) Stores, Inc....	{ 1926 1927	10.5 12.9	0.68 0.86	2.33 3.00	None None	5.0 13.4	64	..
Kresge (S. S.) Co. ....	{ 1926 1927	119.3 133.8	12.50 13.98	3.36 3.76	1.20 1.20*	3.45 4.1	70½	1.7%
Kroger Grocery Baking Co. ....	{ 1926 1927	146.0 161.3	4.13 4.38	3.82 4.12	1.00 1.00*	2.8 3.0	97	1.0%
Macy (R. H.) & Co., Inc. ....	{ 1926 1927	75.5 82.2	5.14 5.83	13.18 16.66	None 5.00	3.4 3.0	310	1.6%
May Dept. Stores Co. ....	{ 1926 1927	100.5 102.8	6.95 6.50	6.36 5.57	3.00 4.00	4.75 3.97	87½	5.1%
McCrary Stores Corp. ....	{ 1926 1927	33.6 39.3	2.39 2.62	4.80 5.26	1.20 2.00	4.65 3.35	86½	2.3%
Montgomery Ward & Co. ....	{ 1926 1927	183.8 186.7	8.81 13.13	6.25 10.25	4.00 4.00*	4.65 5.00	154	2.6%
Oppenheim, Collins & Co. ....	{ 1926 1927	21.0 21.1	1.57 1.67	7.84 8.35	4.00 4.00*	2.8 3.0	70½	5.7%
Schulte Retail Stores .....	{ 1926 1927	N.R. N.R.	6.14 6.23	4.83 4.90	... 3.50*	3.63 4.13	55½	6.5%
Sears, Roebuck & Co. ....	{ 1926 1927	272.7 292.9	21.91 25.02	5.22 5.96	2.50 2.50	5.25 4.77	113	2.21%
Shattuck (F. G.) Co. ....	{ 1926 1927	13.2 15.5	1.31 1.85	4.38 5.29	2.00 2.00	.41 4.25	113	1.75%
United Cigar Stores .....	{ 1926 1927	N.R. N.R.	9.85 9.95	1.80 1.85	... .80*	2.7 4.46	26¾	3.0%
Woolworth (F. W.) & Co. ....	{ 1926 1927	253.6 272.8	28.21 35.35	7.23 9.06	4.00* 5.00	11.5 15.4	182	2.8%

\* Plus extras.  
June 1, 1928.

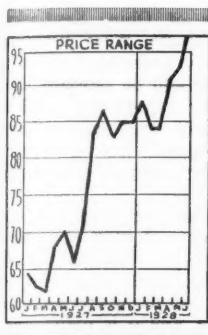
† Dividend rate in dollars, applying at end of year indicated.

N.R.—Not reported.

(b) Initial dividend \$1.00.

## 1. McCrory & Co.

# An Example of Great Chain Store Success From Small Beginnings



**M**CCRORY is typical of the larger five- and ten-cent store chains. Though in point of sales volume, it ranks lowest among the four great systems, it is junior only to Woolworth in age. The McCrory business was founded within the short span of three years after that of its famous contemporary. Like the latter, its origin was exceedingly humble. Both enterprises sprung from a single small store and, to make the parallel more striking, both these

stores were brought into being in the same state, Pennsylvania. Kresge and Kress, respectively the second and third largest of the "five and tens" did not appear until the late nineties, the former originating in Michigan and the latter in Tennessee.

The last named chain is still identified largely with the South and Southwest, although, within recent years, it has expanded actively on the Pacific Coast. The Kresge stores, on the other hand, are situated in leading cities, north of Richmond, Va., and east of, but including, Lincoln, Neb., while McCrory operates in the Middle Western, Middle Atlantic and Southern divisions of the United States. It is apparent, therefore, that McCrory, as is the case with its two ranking rivals, still has ample room for expansion before it will attain the broad geographical scope of the colossal Woolworth chain.

McCrory's growth, in fact, was comparatively slow during the first fifty years of its existence, as demonstrated by the fact that its stores in 1912 numbered 92, with a sales volume of 4.76 million dollars as contrasted with Woolworth's 631 stores and sales of 60.56 millions. Its much younger rival, Kresge, likewise, showed lustier growth, sales in this same year being 10.33 millions from 85 stores.

Growth was progressive and consistent and the business uniformly profitable although unaggressive. Apparently, the company did not begin to make the most of the opportunities in its field until it had passed the half century mark. A more rapid stride was struck in the next five years, but the post-war period witnessed its real awakening. By reason of the early backwardness, in fact, McCrory has been able to show proportionately more impressive improvement in recent times than the other leading systems whose expansion has been along more conventional lines.

Sales in 1927 totaled 39.34 millions compared with 58.06 millions for its nearest competitor, Kress, and 272.75 millions for Woolworth. Ten years previously, however, Woolworth transacted a gross business of 98.10 millions and Kress reported sales of 17.63 million dollars. McCrory's sales in 1917 aggregated only 7.83 millions. Thus, the latter scored an increase of 402% in sales during the last decade while Woolworth and Kress were gaining, respectively, 178% and 229%. Kresge, the other member of the big four did somewhat better with an increase of 344%.

An even more striking instance of McCrory's recent year progressiveness is furnished by a similar comparison of percentage increases in net profits. Thus, while Kresge gained 651%, Woolworth 282% and Kress 247%, McCrory's net profits last year registered an increase of 715% over 1917. The same relatively larger percentage gain was shown in sales for 1927 as compared with 1926, McCrory showing an increase of 17% in gross, contrasted with 7.5% for Woolworth, 11.9% for Kress and 12.2% for Kresge.

The rapid rise in sales and net profits appears to have been due in large measure to judicious selection of sites for both old and new stores, since McCrory enlarged the number of its units, on a percentage basis, not quite as rapidly as Woolworth in the past decade and only a little more than a third as much as Kresge. The percentage increase in sales per store, nevertheless, was again higher than that of the other three principal systems, being 226% for McCrory, 159% for Kress, 75% for Woolworth and 68% for Kresge.

The slow rate of expansion in earlier years prevented McCrory from showing a ratio of operating efficiency comparable with that of the other three members of the "big four." The latter, owing to much higher annual sales volume, were naturally able to buy in larger quantity and hence on more favorable terms. Consequently, the smaller company's margin of profit per dollar of sales was, and for that matter still is, considerably below the average of the three ranking units. For example, ratio of profits to sales in 1917 was 4.11%, which compares with an average of 7.55% for Woolworth, Kress and Kresge. Marked betterment has been shown in this respect during the past ten years, the 1927 figure being 6.67%, equivalent to a gain of 62.3% over 1917. This

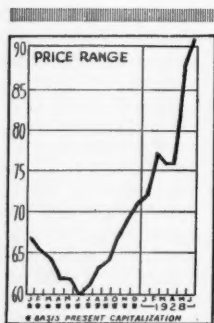
increase was exceeded only by Kresge's gain of 69.1%.

By virtue of its laggardliness in former years, accordingly, McCrory's common shares now appear in a relatively more attractive light. Whereas, the other leaders have more nearly attained a the-  
(Please turn to page 532)

## Market Comparison of Leading Chain Stores

	Earned per Share 1927	Recent Market Price	Market Price Times Earnings
McCrory, common .....	\$5.26	86	16.3
Kresge, S. S. ....	3.76	70	18.4
Kress, S. H. ....	8.26	100	19.0
Woolworth, F. W. ....	9.06	182	20.0

## An Interesting New Listing on the Stock Exchange



**K**ROGER GROCERY & BAKING COMPANY common stock is a newcomer on the New York Stock Exchange, having been admitted to trading only last January. The company back of the issue, however, owns one of the oldest, largest and most rapidly growing chain store organizations in the United States. Its 4,165 stores have an annual sales volume of approximately \$185,000,000, making the system rank second in the number of units operated and

third in the volume of sales.

The Kroger plan of merchandising is similar to that of the world's greatest chain, the Great Atlantic & Pacific Tea Company of America. The company operates its own bakeries, meat packing and sausage making plants, dry grocery packing plants and wholesale distributing warehouses, develops its own brands so far as convenient, insists on uniform store appearance, keeps overhead low and aims at a maximum profit of but three cents on each dollar of sales.

### Steady Growth

Since the opening of the first store in Cincinnati by B. H. Kroger in 1883, growth has been uninterrupted. An idea of the expansion since 1918 may be had from the tabulation. It is a matter of record that annual sales volume has increased each year, with the single exception of 1911, since 1893. The table reveals that per share earnings, on the basis of the present stock, have increased consistently since 1918 from 40 cents to \$4.12. Net for 1928 may reach \$5 a share.

### Location of Stores

Growth has been both from within and from without. In addition to opening many new stores each year, Kroger always is looking about for new chains to add to its system. Since the beginning of the new year, the Foltz chain of 193 stores and the Keystone chain of 205 stores have been acquired. It is the policy of the management, however, to concentrate operations around a few centrally located warehouses rather than to spread out into new territory at the expense of merchandising efficiency. All the Kroger stores

now are located in the states of Ohio, Kentucky, Indiana, Missouri, Michigan, Illinois, West Virginia and Pennsylvania. The more overcrowded eastern territory has been avoided. It should be stressed that the Kroger chain is a much different sort of organization than most of the obviously weak competitors of the Great Atlantic & Pacific Tea Company which operate in the Greater New York territory.

Capitalization is simple. The company has no funded debt. Aside from 814 shares of \$100 par value first preferred and 653 shares of \$100 par value second preferred, there are but 1,102,945 shares of common of no par value issued. Cash dividends are paid at the rate of 25 cents quarterly, and it is understood to be the policy of the management to pay 5% annually in common stock. At around 90, the common stock now is offering a dividend return (taking the stock dividend at the current market) of a little more than 6%. Assuming that 1928 profits will be about \$5 a share, the prevailing price is about 18 times annual per share earnings.

Analysis of the company's record shows that per share earnings for the past decade have been doubling every four or five years. The margin of profit does not change a great deal from year to year. Sales for the past 35 years have doubled on an average of once every five years. The effect of the listing of the stock on the New York Stock Exchange should be a more rapid growth. The company's New York bankers probably will see to it that the capital is available for every expansion opportunity.

### An Important Trend

The opportunities for expansion in the chain grocery business are only dimly realized by the average investor. Perhaps there is no field of merchandising in which the trend is so inevitably toward chain stores and toward larger units of chain stores. The *Chain Store Age*, using figures gathered by the Federal Reserve Banks as a basis, estimates that chain grocery systems now do an annual gross business of about 2,390 million dollars, more than 30% of the grocery business of the country, and shows through convincing statistics (if statistics, indeed, are necessary) that the wholesale grocery business in

the United States constantly is declining because the chain stores are performing the functions of the jobber themselves. There are now something over 800 chains operating a total of more than 57,000 stores.

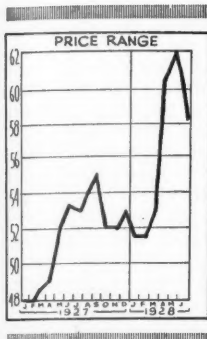
It probably will be a surprise to the average urban (Please turn to page 527)

### Kroger's Record

	Stores	Sales	Net Prof. Avail. for Dividends	Net a Com. Shr. on Basis of Present Shrs.
1918 .....	554	\$25,851,250	\$424,740	\$0.40
1919 .....	712	34,903,012	673,599	.63
1920 .....	903	50,705,896	680,494	.64
1921 .....	992	44,851,408	1,052,082	.99
1922 .....	1,413	53,753,583	2,061,390	1.95
1923 .....	1,800	74,339,108	2,243,414	2.13
1924 .....	2,127	90,124,798	3,225,643	3.06
1925 .....	2,856	116,235,437	3,517,593	3.34
1926 .....	3,369	146,009,373	4,215,336	4.00
1927 .....	3,764	161,861,363	4,377,104	4.12

### 3. Schulte Retail Stores

## Large Yield Seems Out of Line With Other Merchandising Stocks



are running well ahead of 1927, the distribution cannot be regarded as in any immediate danger, and it is difficult to draw any other conclusion than that the stock is out of line with the group.

#### Complicated Situation

The corporation is a complicated holding company, the statistical details of ramifications of which do not lend themselves to ready analysis. In addition to owning all the capital stock of a subsidiary which operates something more than 300 large city cigar stores with an annual sales volume of about \$40,000,000, Schulte Retail Stores controls various real estate companies owning New York and other urban real estate of considerable importance. Either the corporation itself, its controlled or affiliated companies, or the Schulte family, has a large investment in a number of more or less loosely related corporations such as V. Vivaudou, Inc., Park & Tilford, American Drug Syndicate, Dunhill International, William Demuth & Company, Huylers, Mutual Profit Coupon Corporation, B. G. Davis & Company, Inc., Sanitary Postage Service Corporation, M. E. Bernhardt Company, Inc., and other less important concerns. Union & United Tobacco, the Whelan-Schulte holding company, owns a block of Schulte Retail Stores stock. The Schulte organization is back of the new chain store corporation known as the Schulte-United 5 cent to \$1.00 Stores, Inc. The management is actively interested in Continental Tobacco and Philip Morris Consolidated, Inc. Ownership in these subsidiaries varies from 100% control of B. G. Davis Company (a cigar manufacturer), control of Park & Tilford, guaranteeing a 6% dividend on American Drug Syndicate and to what probably amounts to a negli-

gible direct interest in V. Vivaudou. The task of unscrambling the Schulte corporation, therefore, is one which cannot be attempted in the limits of a short analysis.

Perhaps the first thing which will occur to the reader is that Schulte Retail Stores apparently is paying out in dividends practically all it earns. Paying \$3.50 in cash and 2% in stock leaves a rather small margin over earnings of around \$5.00 a share (\$4.90 in 1927). However, it should be noted that, according to the December 31, 1927, balance sheet, the company has a real estate investment of almost \$9,000,000; this investment, if reputable New York City real estate men know what they are talking about, is not yielding much of a current cash return but has long pull possibilities of a most interesting nature. Again, some of the investments in other companies also are yielding a negligible return now, but eventually may be important income producers. In the trite language of Wall Street, Schulte has hidden assets with future possibilities.

The Schulte chain of tobacco stores, next in size to United Cigar Stores of America, is the outgrowth of a single store established on the site of the present World Building, near the entrance of Brooklyn bridge, in June, 1883, by Anthony Schulte, father of the present head of the holding company, David A. Schulte. When the son was admitted into the partnership in 1905, the chain consisted of three stores; at incorporation in 1909 there were five stores; by 1917 gross had increased to \$2,737,000 per annum; and by the end of 1923 there will be about 340 stores (the program calls for 40 new locations this year) with an annual sales volume of about 45 to 48 million. The stores run larger, on the average, than the United Cigar units; are more confined to the centers of population; and are less widely distributed geographically—although they extend from Maine to Texas.

Progress of an Investment

It is interesting to trace an investment in the common stock of the company made in 1921. In that year 100 shares could have been bought for less than \$3,800. Dividends paid in 8% preferred stock since date of purchase amount to 33½ shares, stock which now has a market value slightly more than the initial cost of the commitment. If a nominal subscription privilege in 1926 was exercised (right to buy 1½ shares at \$1.00 a share for each share held) and all common stock dividends of more than 2% have been kept, the number of common (Please turn to page 511)

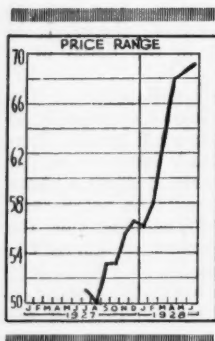
#### Growth of Schulte Retail Stores

##### COMMON STOCK

	Total Sales	Shares Issued	Sales per Share	Earned per Share	Paid per Share	Range	
						High	Low
1921	\$30,699,000	237,000	\$72.12	\$3.56(b)	25%(a)	42	29
1922	23,765,000	300,000	79.22	6.89(b)	\$5.00(c)	65	34
1923	26,148,000	300,000	87.16	10.20(b)	8.00(c)	116½	88
1924	30,542,000	375,000	81.44	9.39(b)	8.00(c)	129½	96½
1925	35,216,000	412,500	85.36	13.03(b)	8.00(d)	134½	101½
1926	38,495,000	1,116,145	34.49	5.06	8%(a)	138½(b)	42½
1927	(e)	1,116,145	(e)	4.90	3.50	87	47

(a) Paid in common stock. (b) Prior to issuance of rights which practically amounted to a 150% stock dividend. (c) Paid in 8% preferred stock. (d) \$5.00 in preferred stock and 25% in common stock. (e) Not available, estimated at around \$41,000,000, or nearly \$37 a share.

## A Soundly Managed Department Store in Process of Expanding



**T**HIS business was founded nearly fifty years ago and is now one of the leading stores in New York City specializing in the merchandising of wearing apparel. Since 1910 the present commodious quarters located at Fifth Avenue and 35th Street have been occupied and three additional floors are now being constructed at the top of the building to accommodate the ever increasing volume of trade, but no new departments will be added. The

additional space will be ready for use by early autumn, in ample time for the big pre-holiday trade, by far the most profitable retail season. A branch store is operated at Palm Beach, Florida, and purchasing offices are maintained in London and Paris.

There is no funded debt except a mortgage amounting to \$950,000 due in May, 1931, on the store premises. Capitalization consists of \$318,400 preferred stock, or 3,184 shares of \$100 par value, and 150,000 shares no par value common stock. The preferred stock, which is all owned by active employees of the company, is entitled to 6% cumulative dividends, and the directors may pay an additional 2% in their discretion. Dividends at the rate of 8% annually have been paid on this stock regularly.

The balance sheet as of January 31, 1928, the close of the last fiscal year, shows a strong position. Goodwill is carried at the nominal sum of \$1. Current assets were \$3,672,233 and current liabilities \$772,355—a ratio of 4.75 to 1—leaving an indicated net working capital of \$2,899,878, showing an increase of nearly half a million dollars during the year. Cash amounted to \$872,153 and total assets were \$7,312,330. The only liabilities were the current items and the mortgage already mentioned.

Earnings have been remarkably steady and have shown uninterrupted gains in every year since 1923. During the last six-year period the increase has been from \$651,766 to \$978,818, a gain of more than 50%. Sales for the year ended January 31, 1928, show a gain of 8% over those of the previous year and net profits increased nearly 9%. Business is currently reported as substantially greater than in 1927.

Sales for the last year were reported as \$12,519,017. Inventories of \$1,234,956 were small as compared with sales and indicated a stock turnover of ten times during

the year. There is a strict policy against carrying any goods which are found to be slow moving, and the stock turnover is considerably more rapid than that of most large stores. Present space and equipment are sufficient to handle an annual business of \$15,000,000 and the three new floors now being added are expected to increase this sales capacity to \$20,000,000. This expansion is being financed out of earnings and without any borrowings. The building and about half of the land are owned in fee, the balance of the land being held under long term leases.

The location of this store, in the best retail district, is very convenient to both great railway stations and to many other transportation facilities and is another highly favorable factor making for steady and continued growth in business.

On the common stock an initial quarterly dividend of 75 cents was paid in August, 1927, and the same rate, or \$3 annually, has been maintained since that time. This disbursement represents less than half of the net earnings available for the common stock, which amounted to \$6.34 per share last year and to \$5.82 for the year before.

In view of the very moderate capitalization coupled with the steady and increasing earning power, which should show further substantial gains after the additional selling space becomes available, this dividend rate appears most conservative, and a higher rate could easily be maintained. At the current price, around 67 dollars per share, the yield is  $4\frac{1}{2}\%$  on the investment.

The stock is listed on the New York Stock Exchange where the price range has reflected the excellent earning power and outlook of the company, selling between 49% and 59% in 1927 and from 53% to 71% to date in 1928.

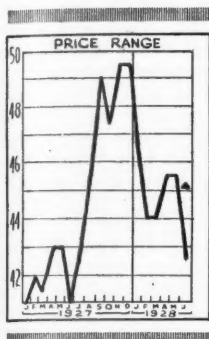
The management is in the hands of experienced men who have been associated with this business for many years. Efforts have been concentrated on getting the greatest possible sales volume with the space and equipment available, together with a most conservative policy of expansion, and the result has been that sales volume per square foot of sales space employed ranks among the highest of all stores in New York City.

*In view of the company's strong position, its moderate capitalization and record for steady and increasing earning power, the outlook for stockholders appears distinctly favorable and at current prices this issue compares well with other listed merchandising stocks both in yield and in percentage earned on the market price. Attractive for investment purposes.—H. K.*

### A Record of Steady Progress

Yrs. Ended Jan. 31	Net Sales	Net Income	Earned Per Share
1923 .....	\$9,221,145	\$651,766	\$4.16
1924 .....	9,487,843	661,798	4.23
1925 .....	9,825,415	673,789	4.30
1926 .....	10,675,598	815,561	5.25
1927 .....	11,582,896	900,207	5.82
1928 .....	12,519,017	978,818	6.34

## Sound Position of Important Chain of Department Stores



**P**ROBABLY the leading company applying chain store methods exclusively to retail department store distribution is Associated Dry Goods Corporation which operates a chain of eight important units.

The largest single store in the system is Lord & Taylor in New York City. This business is over a century old, founded in 1826, and has developed from small beginnings into one of New York's greatest stores. About 88% of all classes of stocks of

Lord & Taylor are now owned by Associated and net earnings of this store make up about 20% of those of the entire chain.

The remaining seven stores are all wholly owned and include James McCreery in New York and other important units in Newark, Buffalo, Baltimore, Louisville and Minneapolis.

Expansion has been slow and well considered, based on the most conservative lines. Each of the stores controlled is thoroughly established.

The holding company has no funded debt. There are two issues of preferred stocks, both having \$100 par value per share. The 6% first preferred outstanding amounts to \$13,818,700 and the 7% second preferred to \$6,725,500. Common stock capitalization consists of 599,400 shares of no par value.

There are also a number of realty corporations, organized to hold title to the various parcels of land and the buildings occupied by the several stores. Some of these have mortgage bonds outstanding, owned in almost every case by the parent company.

Dividends on both issues of preferred stocks have been regularly paid. On the common stock dividends at the rate of \$2.50 annually have been paid since 1925, the date when the present stock was issued by the exchange of four shares for each share of the old \$100.00 par value stock then outstanding.

During the ten-year period ended December 31, 1927, net income more than doubled, standing at \$3,330,220 for the last year as compared with \$1,603,476 in 1918.

The earnings record was characterized throughout the period by a high degree of stability and although the trend over the last three years has been downward from the peak of \$4,262,865 reached in 1924, this should not be considered as too alarming as it has been due in large part, if not alto-

gether, to changes in methods of accounting and to a highly conservative policy regarding reserves for depreciation and other charges.

Total net assets of the wholly owned stores as of December 31, 1927, were carried at \$28,795,000 in which amount nothing is included for good-will or other intangibles. Other investments, including Lord & Taylor, are given a combined balance sheet value of approximately \$6,000,000, which again illustrates the conservatism of the corporate accounting policy as careful estimates of the present actual worth of these properties range from \$10,000,000 to \$12,000,000 above the company's figures.

The true strength and liquidity of the company is evident in the detailed balance sheet statement. Current assets of the seven wholly owned companies as of December 31, 1927, amounted to \$20,234,913 compared with \$20,205,948 a year previous, and current liabilities amounted to \$3,923,834 as against \$4,076,964, leaving net working capital for the combined seven companies amounting to \$16,311,079 compared with \$16,128,984.

Reported earnings available for the common stock during the last three years show a sharp downward trend, being equal to \$4.73 in 1925, as \$4.21 in 1926 and \$3.39 in 1927. However, including undistributed earnings of Lord & Taylor, apparent earnings have been \$4.25 in 1927 against \$4.87 in 1926. The decline last year was mainly due to the adverse effect of unseasonable weather and it is hoped that conditions may be more favorable during the current year. However, so great a proportion of department store earnings depends upon the final quarter of the year with the big holiday trade that predictions at an early date are useless and may be misleading, although results to date for 1928 are said to be satisfactory.

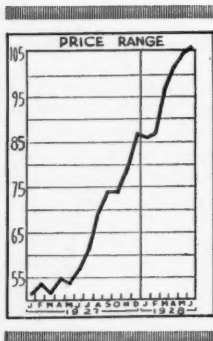
The varied character of the controlled stores in the Associated system is at once a source of strength and weakness. The wide difference in location and type makes difficult the application of some of the outstanding advantages of chain management, but this same variation makes the different units less likely to be affected in just the same manner and degree by changing conditions and so gives additional stability to the system as a whole. The excellent financial condition with a steadily rising surplus account has led to frequent reports of possible extra cash or stock

distributions, and certainly a higher rate could safely be paid. At the current price, around 41, this stock offers a return of 6%, which is high as compared with other chain store stocks of comparable strength. In view of the long term favorable outlook for the company this issue has undoubted attraction.—A.T.M.

### Ten Years' Progress

	Total Income	Net Income	Common Stock Dividends
1918 .....	\$2,199,735	\$1,603,476	.....
1919 .....	4,382,331	3,297,375	.....
1920 .....	2,180,091	1,916,569	\$499,250
1921 .....	3,501,952	2,835,568	599,000
1922 .....	4,234,954	3,760,695	599,000
1923 .....	4,576,339	3,975,406	599,000
1924 .....	4,939,963	4,262,865	748,750
1925 .....	4,969,804	4,134,941	1,123,125
1926 .....	4,528,362	3,823,721	1,497,500
1927 .....	4,969,487	3,330,220	1,497,500

## Sound Position and Prospects of Largest Retail Merchandiser



Two additional complete mail order houses and new department stores are to be added to the chain during the present year.

About ten per cent of the goods sold are made in the company's own factories. Such products include farm implements, machinery, pianos, phonographs, cameras, shoes and even ready cut garages, barns and dwelling houses. The company has also recently become an important coal distributor, through mail orders in car load lots.

The capital structure of the company is a very simple one. There is no funded debt and no preferred stock outstanding, and no bank debt has been reported since 1923. Common stock now consists of 4,200,000 shares of no par value, carried on the balance sheet at \$105,000,000 or at \$25 per share. In 1926 the common stock was changed from \$100 par value to the present no par issue and four shares of the new stock were exchanged for each share of old. Excluding good-will and other intangibles the present stock has a book value of about \$33.50 per share.

Over a period of years the Sears, Roebuck record is one of very notable success notwithstanding the heavy losses sustained in 1921 because of the fall in inventory values during the period of deflation. In 1922 a sharp recovery in net to \$5,435,168 followed the deficit of \$16,435,469 reported the year before, and the last five years have shown steady and rapid progress, a record net of \$25,022,553 being reported for 1927. Surplus account, which showed a deficit of \$11,500,000 at the end of 1921 stood at \$60,000,000 at the close of 1927 while good-will has been reduced by \$10,000,000, or from \$30,000,000 to \$20,000,000 during the last two years.

A well-nigh impregnable balance sheet position is also disclosed. Current assets of \$101,575,697 as of December 31, 1927, are nearly

**S**EARs, ROEBUCK is not only the leading mail order house but the largest retail merchandise distributor in the country. Operating headquarters are in Chicago and eight mail order plants are located in important shipping centers scattered throughout the country. A retail department store is operated in connection with each mail order plant and several independent retail department stores have been established in other important cities.

five times current liabilities of \$21,308,324, leaving a net working capital of \$80,267,373. Cash and marketable securities amounted to more than \$28,000,000 being alone well in excess of all current liabilities.

During the period from 1911 to 1920 liberal and frequent stock dividends were paid in addition to substantial cash disbursements. Cash payments, which were suspended during 1922 and 1923, were resumed in 1924 on the annual basis of \$1.50 per share, this rate being increased to \$2.50 per annum in 1926 when the present stock was issued, the rate which has since been maintained. In view of the great earning power demonstrated by the company during recent years this rate must be considered as most conservative.

Earnings per share available for the common stock amounted to \$5.22 in 1926 and to \$5.96 in 1927. For 1928 it is estimated that such earnings will amount to something like \$7.00 per share. More substantial disbursements to stockholders could easily be inaugurated in the near future.

The record of Sears, Roebuck since 1921 includes one of the most notable achievements of debt reduction recorded by any company. The 1920 balance sheet reflected the deflation crisis by showing \$50,000,000 serial notes and over \$55,000,000 in bank debt and accounts payable. During the next three years the notes were all paid, without any new borrowing, and the bank debt was also fully liquidated. Furthermore, in 1924, the entire issue of preferred stocks, \$8,000,000, was redeemed at \$125 per share. Of the huge sums required all have come from current earnings except \$16,000,000 from the sale of real estate and \$5,000,000 from the repurchase of certain stock donated to the treasury by an officer of the company.

It is also worthy of note that net profits in 1927 represented a gain of 14.21% over those of 1926 while net sales showed a gain of only 7.47% demonstrating the operating efficiency of the organization and the success of the chain store system now in the process of development but already a definite success.

During 1927 this stock sold on the New York Stock Exchange within a range of 51 to 91½ and to date in 1928 from 82½ to 112¼ with a current price of about 109.

While the present price is high on the basis of yield and earning power, being about 18 times

1927 earnings and yielding only 2.3%, the long term prospects of the company are so favorable that the stock is likely always to sell at a high price and still appears attractive for investment purposes, particularly in case any general market reaction should make it available even a few points lower down.

### Sears Roebuck's Record

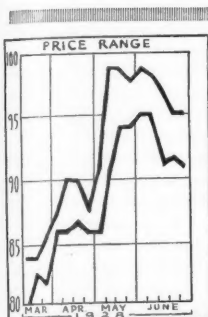
	Gross Sales	Net Income	Dividends Paid (Cash)	Earnings per Share†
1918	\$198,523,080	\$12,704,065	\$5,999,246	\$17.63
1919	257,930,025	18,890,125	5,999,524	24.44
1920	254,595,059	11,746,671	7,198,028	10.65
1921	178,014,981	(d) 16,435,469	2,099,470*	....
1922	182,165,824	5,435,168	.....	4.87
1923	215,540,604	11,512,618	.....	10.95
1924	222,174,743	14,354,397	2,999,758	13.86
1925	258,342,236	20,975,304	6,007,089	20.87
1926	272,699,314	21,908,121	9,449,597	5.22
1927	292,927,257	25,022,553	10,496,661	5.96

† 1926 and 1927 on no par shares, prior years on \$100 shares.

\* Paid in scrip, maturing on or before August 15, 1922.

## 7. Drug, Incorporated

# Consolidation of the United Drug and Sterling Products Working Out Well



**D**RUG, Incorporated, is a holding company, the result of the recent consolidation of United Drug Co. and Sterling Products.

The United Drug Co. was organized 26 years ago and operates the largest chain-store drug system in the world. The Liggett stores, about 500 in number located in the principal cities of the United States and Canada, are owned outright, while the Rexall stores, 10,000 in number, are operated by stockholder-agents. The communities served by these stores constitute about one-fourth of the population of this country and a large part of Canada. In addition United Drug controls directly the Boots Pure Drug Co. which operates over 800 stores in England. Manufacturing activities include the production of a wide variety of medicinal preparations and rubber specialties.

Sterling Products is the leading producer of household medicines and has long been notably successful in this field. Among its best known specialties, used everywhere, are Cascarets, Fletcher's Castoria, Philipp's Milk of Magnesia, Bayer's Aspirin and Diamond Dyes.

Both United Drug and Sterling Products have exhibited a well developed earning power over a period of years.

Both companies exhibited a strong cash position at the end of last year. United Drug reported current assets of \$30,888,000 including cash of \$5,348,000 and accounts and notes receivable of \$5,701,000 against total current liabilities of \$4,873,000, leaving an indicated net working capital of \$26,015,000. Sterling Products at the same date reported total current assets of \$17,450,095 with \$5,281,000 cash and \$1,732,000 accounts receivable as compared with current liabilities of \$7,398,393 and an indicated net working capital of \$10,051,702. Combined net working capital was \$36,066,702.

Drug, Incorporated, has no funded debt of its own. United Drug Co. has outstanding two issues of 5% bonds and notes with a combined amount of \$45,000,000 and real estate mortgages amounting to \$1,660,349 additional. Sterling Products has no funded debt. There is no preferred stock and the common stock capitalization consists of 2,183,990 shares of no par value.

At the time of the merger 2½

shares of the new common stock of Drug, Incorporated, were issued in exchange for each share of United Drug Co. stock outstanding, and 1¼ shares for each share of Sterling Products.

The capital stock of Drug, Incorporated, has been placed on \$4 annual dividend basis by the declaration of an initial quarterly dividend of \$1 per share paid June 1, 1928. This is equivalent to \$10 per share on the old stock of the United Drug Co. upon which holders had been receiving \$9 annually after three advances from \$6 since June, 1925. It is equivalent to \$7 per share on the stock of the former Sterling Products compared with the recent regular basis of \$5 per share on that issue in addition to which the company paid extras of \$1 each in December, 1926 and 1927.

### Well Adapted to Unified Management

The retail and manufacturing activities of United Drug Co. and Sterling Products, as formerly conducted, were to a great extent supplementary to each other rather than competitive, and appear to be well adapted to unified management. It is expected that United Drug will, in the near future, function entirely as a merchandising organization while Sterling Products will continue the manufacture of its well-established lines as well as the specialties formerly produced by the manufacturing departments of United Drug and will distribute its products not only through the United Drug chain and store agencies but through the general market as well. Combined earnings should, in due course, reflect a substantial influence due to operating economies.

Combined net earnings of the two companies in 1927 were about \$12,960,000. Adding to this figure about \$500,000 estimated savings through capital readjustments earnings per share were equal to about \$5.24 on the new stock, indicating that the present dividend can be maintained easily and that the margin is likely to be considerably increased as the results of coordination become definitely apparent.

The price range of this stock on the New York Stock Exchange since the issue was listed early this year has been between a low of 80 and a high of 99½, with the present price about 92, at which the current return on the investment is about 4.4%.

*Consolidation of the properties should encounter no serious adjustment problems and the outlook for stable and increasing earning power appears to be excellent. As compared with many other stocks this issue appears to be reasonably priced at current levels and should prove an excellent long-pull holding.—F. T. U.*

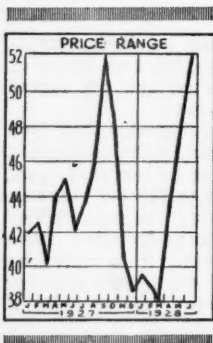
## The Companies Before Consolidation

UNITED DRUG CO.			STERLING PRODUCTS, INC.		
Yrs.	Sales	Net Profits	Earnings Per Share	Net Profits	Earnings Per Share
1922	\$61,186,906	\$3,231,267	\$5.77	\$3,312,194	\$5.47
1923	67,244,672	4,164,822	8.39	4,642,255	7.41
1924	70,112,133	6,746,558*	15.19*	4,734,697	7.56
1925	78,145,594	6,390,687	12.76	4,902,705	7.84
1926	91,183,162	7,236,210	13.02	5,405,932	8.65
1927	95,448,289	6,763,254	11.47	6,197,619	9.70

\* Includes \$1,200,000 "special dividends from investments."

## 8. Gimbel Bros., Inc.

# Company in Position to Profit from Improvement Program and Management Changes



**T**HE position and prospects of Gimbel Bros., Inc., are probably less appreciated than those of any large merchandising organization.

First, as to position, it will doubtless come as a surprise to many to learn that the company is in point of sales the largest department store system in the world. Sales volume last year was 20% larger than that of May Department Stores, 50% larger than R. H. Macy and 400% to 800% larger than

most of the other department stores whose stocks are listed on the New York Stock Exchange.

The Gimbel system embraces six stores of which three are located in New York City and one each in Pittsburgh, Philadelphia and Milwaukee. The Milwaukee store was the first of the present system, its business dating back to 1887. The Philadelphia store was established in 1894 and the New York store in 1910.

In 1923 two New York stores were added to the system through acquisition of Saks & Co. by exchange of stock. One of the Saks stores is located near the Gimbel store in the downtown shopping district of New York; the other is in the uptown shopping district on Fifth avenue. The latter store is understood to have been a particularly profitable acquisition, with profits running around \$800,000 to \$1,000,000 annually.

In 1926 Gimbel acquired the Kaufman & Baer store in Pittsburgh. This is now being operated under the Gimbel name.

The combined stores did a gross business of \$123,500,000 in the year ended January 31, 1928, but despite this enormous volume of sales, profits amounted to only 8 cents a share on the common stock. In the preceding year income of \$3.03 a share was reported on sales of \$122,600,000. Because of the insignificant earning power on its large sales volume Gimbel stock has been selling relatively much lower than other merchandising issues and investors have come to accept the negligible profits of the past few years as a true index of the company's earning power.

This leads to the second point in the discussion, namely, the prospects of the company. Beginning with 1922, Gimbel embarked on a program of expansion which lasted five years and involved the expenditure of more than \$30,000,000 for building, improvement and rearrangement of stores.

Extensive altera-

tions have been made to the Gimbel store in New York; the Philadelphia store has been enlarged by a twelve-story addition costing \$6,000,000 and practically all the stores have been rearranged so as to provide additional space, better working conditions and more efficient display. It is officially stated that this program, which is now completed, has added 1,000,000 square feet of selling space to the system.

Stock capitalization of Gimbel is not large. The various store properties carry mortgage debt amounting to \$27,151,000 due 1928 to 1946, but following this are only 203,700 shares of 7% cumulative preferred, \$100 par, and 622,500 shares of no par common. Preferred dividends have been paid regularly but no payments have been made on common as yet.

Reinvestment of \$30,000,000 in the property over the past five years represents an average annual outlay of \$6,000,000. This would be equal to over \$9.60 per share per year on the stock. Not all of the \$30,000,000 came from earnings, as in the past year the company borrowed \$11,000,000 from banks of which it paid off \$4,100,000. Bulk of the improvement and expansion program was financed out of earnings, however, and it is probable that this program annually consumed earnings equivalent to \$6-\$7 a share on the stock.

With the expansion program out of the way, indications are that earnings may mount to a point which will prove a revelation to those who have not kept in touch. It requires only average management to show net income equal to 5% of annual sales. Last year May department stores earned 6.3% on its sales, Macy about 7.1%, Arnold Constable 5.4% and Abraham & Straus 5.9%; with Macy excluded, the average showing was practically 6%.

If Gimbel should earn 5% net on annual sales of \$123,500,000 there would be available for the stock issues about \$6,175,000, equal after preferred dividends to over \$7.60 a share on the common stock. If the company should approximate the average of other department stores and earn 6% on its sales, balance for the common stock would be over \$9.60 a share. Bearing in mind the re-investment of earnings in the property during the past five years, as explained previously, actual earning power of Gimbel seems capable of achieving the larger figure.

In at least one important respect Gimbel management shows up relatively as well as that of other

leading department systems. This is in ability to turn inventories. May Department Stores, which is probably more like Gimbel than any other large merchandising system, last year turned its inventory about 5½ times. Arnold Constable turned its inventory 10½ times and Abraham & Straus not quite 8 times but

### Gimbel's Expansion

Yrs. Ended Jan. 31	Net Sales	Net After Fed. Taxes	Earned Per Share
1920 .....	\$56,346,815	\$5,286,429	\$6.71
1921 .....	66,070,497	2,838,987	2.63
1922 .....	66,773,566	3,511,295	3.75
1923 .....	72,664,768	5,043,605	6.31
1924* .....	101,544,467	7,373,646	10.19
1925* .....	102,116,868	5,482,363	7.04
1926* .....	109,101,565	4,155,950	4.83
1927* .....	122,675,532	3,357,570	3.08
1928* .....	123,595,549	1,498,535	0.08

\* Includes Saks & Co.

Years below line reflect costs of expansion program now practically completed.

neither of the latter companies is anywhere near as large as either Gimbel or May Department Stores. Gimbel turned its inventory a trifle over 6 times, which was better than May Department Stores and was the average of May, Arnold Constable and Abraham & Straus.

While Gimbel appears high on the basis of earnings actually reported for last year, it seems cheap on the basis of potential earning power. Assuming that the company can show net income around \$9 a share, a fair selling price under present conditions may be considered as 12.7 times earnings, which is the average of other department stores mentioned above, with Macy excluded. This would indicate a price for Gimbel around \$114.

#### Changes in Management

Gimbel prospects received a definite boost when its directorate was recently enriched by the addition to it of Louis J. Horowitz, president of Thomson-Starret Co., and Julius Rosenwald, chairman of the board of Sears, Roebuck & Co. Both are practical executives of the highest order and Mr. Rosenwald in particular will bring to the company a wealth of merchandising experience won through a long career with the largest mail-order merchandising concern in the world.

Gimbel stock has advanced this year from a low of 34% to a recent high of 59% and has recently been selling somewhat under the latter figure. Ability of the management to merchandise its wares is proven by figures of inventory turnover; the fact that sales volume is the largest of any department store system in the world shows that no further efforts need be made in this direction. The only important question in the entire Gimbel situation is whether the management can translate its large sales volume into commensurate net profits.

Bearing in mind that there actually have been substantial earnings in the past five years and that these earnings have been used to finance expansion and improvements, it seems as though the company now, with its expansion program out of the way, could show earnings which would make the stock worth considerably more than recent selling prices.

*Gimbel should be purchased only with the understanding that it is a distinct speculation. As such, however, it apparently offers possibilities substantially above the ordinary.*—J. P. L.

# Preferred Stock Guide

NOTE: The following list of preferred stocks has been arranged solely on the basis of current yields. The position of any stock in the Guide is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

## Railroads

	Div. Rate \$ per Share	—Earned \$ per Share—			Redeem- able at	Recent Price	Yield %
		1925	1926	1927			
Norfolk & Western .....	4 (N)	115.54	160.35	133.40	No	89	4.5
Atchison, Top. & S. Pa. ....	5 (N)	37.17	48.83	40.47	No	107	4.7
Union Pacific .....	4 (N)	38.41	41.17	39.35	No	86	4.7
Colorado & Southern 1st. ....	4 (N)	43.18	52.58	57.78	No	82	4.9
Baltimore & Ohio .....	4 (N)	35.33	48.41	38.44	No	80	5.0
Southern Railway .....	5 (N)	37.63	39.33	36.17	100	100	5.0
Wabash "A" .....	5 (N)	11.48	11.86	6.87	110	98	5.1
Pere Marquette Prior .....	5 (C)	57.50	68.77	64.08	100	99	5.1
Colorado & Southern 2nd ...	4 (N)	39.13	48.50	53.78	No	74	5.4
N. Y., Chicago & St. Louis. ...	6 (C)	24.91	24.65	20.31	110	108	5.6
St. Louis Southwestern .....	5 (N)	11.96	12.09	9.30	No	89	5.6
Kansas City Southern .....	4 (N)	10.06	10.86	9.04	No	70	5.7
Chic., Rock Is. & Pac. 2nd. ...	6 (†)	12.23	20.57	22.49	102	101	5.9
N. Y., New Haven & Hart. ...	7 (C)	.....	.....	22.05	115	114	6.1
St. Louis, San Francisco. ....	6 (N)	102.65	108.19	107.70	100	99	6.1

## Public Utilities

Public Service of New Jersey	8 (C)	\$19.66	\$21.46	\$18.23	No	143	5.4
North American Co. ....	3 (C)	21.91	28.55	31.73	55	54	5.6
Federal Light & Traction. ....	6 (C)	33.02	41.51	39.67	110	107	5.6
Hudson & Man. R. R. Conv. ...	5 (N)	34.12	40.32	40.70	No	88	5.7
Columbia Gas & Electric. ....	6 (C)	.....	27.81	25.42	110	106	5.7
Philadelphia Co. ....	3 (C)	23.53	24.20	23.28	No	53	5.7
Standard Gas & Electric. ....	4 (C)	14.00	20.00	16.20	No	69	5.8
Amer. Water Works & El. ....	8 (C)	.....	22.63	24.30	110	102	5.9
West Penn Electric .....	7 (C)	16.15	20.81	23.10	115	110	6.4
Continental Gas & Elec. Prior	7 (C)	22.26	26.23	.....	110	107	6.5
Electric Power & Light. ....	7 (C)	9.72	13.83	16.21	110	107	6.5

## Industrials

International Harvester .....	7 (C)	32.11	36.74	35.71	No	143	4.8
American Smelting & Ref. ...	7 (C)	30.38	35.52	30.96	No	136	5.2
McCrory Stores .....	6 (C)	45.97	47.82	52.42	110	111	5.4
General Motors .....	7 (C)	101.78	167.17	182.15	125	127	5.4
Studebaker Corp. ....	7 (C)	208.13	173.89	160.79	125	127	5.4
Case (J. I.) Thresh. Mach. ....	7 (C)	21.49	29.39	38.43	No	125	5.6
U. S. Cast Iron Pipe .....	7 (C)	45.84	42.08	38.12	No	124	5.6
Endicott Johnson .....	7 (C)	44.57	34.77	48.10	125	125	5.6
International Silver .....	7 (C)	16.03	24.39	30.82	No	123	5.7
Pillsbury Flour Mills .....	6½ (C)	.....	*20.19	*44.90	110	114	5.7
Deere & Co. ....	7 (C)	13.68	23.22	25.74	No	123	5.7
Mathieson Alkali Works ....	7 (C)	58.60	67.86	74.06	No	123	5.7
Associated Dry Goods 1st. ....	6 (C)	29.92	27.67	24.10	No	105	5.7
Baldwin Locomotive .....	7 (C)	0.98	29.42	12.21	125	120	5.8
U. S. Industrial Alcohol ....	7 (C)	33.98	16.27	36.03	125	122	5.8
Brown Shoe .....	7 (C)	45.23	29.69	44.12	120	119	5.9
American Cyanamid .....	6 (C)	*20.53	*29.53	*24.24	120	101	5.9
Bethlehem Steel Corp. ....	7 (C)	26.64	20.84	16.32	No	116	6.0
Bush Terminal Buildings ....	7 (C)	†	†	†	120	116	6.0
Devco & Reynolds 1st. ....	7 (C)	37.29	49.70	53.23	115	114	6.1
Radio Corporation .....	3.5 (C)	10.31	13.86	20.02	55	56	6.2
Mid-Continent Petroleum ....	7 (C)	106.48	133.61	52.40	120	113	6.2
Goodrich (B. F.) Co. ....	7 (C)	51.57	13.96	39.19	125	111	6.3
Bush Terminal Debentures ...	7 (C)	16.01	16.81	18.88	115	110	6.4
General American Tank Car. ...	7 (C)	24.09	27.96	37.68	110	110	6.4
Central Alloy Steel .....	7 (C)	.....	35.11	27.26	110	110	6.4
U. S. Smelting, Ref. Mng. ....	3.5 (C)	5.97	6.26	6.28	No	53	6.6
Consolidated Cigar .....	7 (C)	38.98	67.44	64.41	110	106	6.6
Victor Talking Machine ....	7 (C)	nil	38.44	35.00	115	104	6.7
International Paper .....	7 (C)	12.58	11.31	7.42	115	103	6.8
Goodyear Tire & Rubber. ....	7 (C)	.....	11.83	18.80	110	94	7.5

C—Cumulative. N—Non-cumulative. † Cumulative up to 5%. § Earned on all pfd. stocks. \* Years ended June 30. ‡ Guaranteed unconditionally by Bush Terminal Co.

# Building Your Future Income



TO-DAY-The Young Executive



TO-MORROW-The Business Leader

*This department is the contribution of The Magazine of Wall Street to the financial education of the nation's present and future investors and business executives.*

*Through this medium we extend to our subscribers an opportunity to assist us in spreading the doctrine of safe and sound investment by using these pages as a practical guide to financial success in their own homes and offices.*

## It Is Costly to Have Nothing

**B**UYERS with a good sense of values know that it seldom pays to buy the cheapest grade of goods. By paying just a little bit more, one usually obtains a good deal more *value* than the difference in price represents.

For example, a good pair of shoes might cost 50% more than the cheapest grade of shoes, yet in service, wear, comfort and appearance would represent more than twice as much value.

In the same way, a home or apartment that can be obtained at the minimum rental offers very little in general comfort and satisfaction; whereas the desirability of another home at a slight increase in rent might be doubled. In the manufacture of a suit of clothes, the actual cost of the material is a small percentage of the price paid by the consumer. The difference in price between good materials and inferior materials is not large but the difference in values is very great indeed.

The summary of this whole situation is the plain simple fact that the poor get less for their money than any other class. When they run short of money and must buy on credit, it is added to the price they pay. If they buy on the installment plan

they must meet at least the cost of the credit and usually more, although the difference is subtly covered up in a flat price or in the quality of the article purchased. To operate on a shoestring is a costly procedure whether it is practiced by an individual, a family or a business concern.

A family in moderately-well-to-do circumstances buys on the basis of the value received and not on the basis of the lowest prices obtainable. Consequently, the family income goes a lot further than the income of a family which is always "up against it" financially, and therefore must pay the lowest prices. In addition to being more costly for the value received, the latter method of buying ultimately destroys one's sense of values.

It is for this reason that two families with the same income, will not obtain the same benefits in making their expenditures. The first family, because it has exercised some foresight in putting aside a reserve fund for emergencies, and because it practices real economies through buying for value and not price, will make a great more real financial progress than the second family which is continually paying the cost of being in a state of low funds.

*"Intelligent Use of Present Income Will Assure Financial Independence."*

# Home Ownership, A Start to Financial Independence

Discussing the Investment Side of Owning One's Own Home

By MELVILLE D. BOWERS

SAY what you please, there is no better way to start on the road to financial independence than to climb the steps to your own home. Certainly the man who has assumed family obligations and has his own way to make on a modest salary cannot afford to commit himself to any other investment until he has given careful consideration to the advantages of home ownership.

There are two sides to every question. There will always be people who prefer renting to buying a home. I am familiar with the ordinary run of arguments they advance. Buying a home is not always the easiest way to live and it may not prove to be the cheapest. I have before me some figures bearing upon my own experience which, to say the least, are a bit disconcerting.

The point to bear in mind, however, is that buying a home constitutes an investment whereas renting is nothing more or less than paying for a service. The renter may have many good reasons for his course of action but if he ever undertook to prove that a sheaf of rent receipts constituted accumulated capital or entitled him to semi-annual dividends he would require a highly credulous audience.

I may be a poor logician and a yet poorer accountant, but I am firmly convinced that home ownership has advanced my financial position very materially. Back in 1921, when I had saved enough money to furnish a home modestly and to make a first down payment, I decided to buy. At the time I was working on the very meagre salary of \$2,000 a year. I had been out of the army but a few years, having retired at the duration of hostilities on what I could save out of a corporal's pay. That, of course, meant that my assets and liabilities just about balanced with not even a pair of flat feet or a dislocated tonsil between me and the necessity of

going to work for whatever I could earn.

Property prices were high and desirable homes, within range of what I felt able to pay, were difficult to find. It is easy to over-buy and I had made up my mind to avoid this mistake. I spent many a weary day in house hunting before I discovered a place some eight miles out of Washington that seemed to meet my requirements. It was a six room house possessing some conveniences and lacking others. It was capable, however, of being improved and with it were six large lots, nearly three-fourths of an acre, which I had reason to believe might increase in value. The price after a little bargaining was fixed at \$4,100.

On the salary I was then making, I estimated that monthly payments of \$50 would be about the best I could do. And the place was bought with the understanding that the first mortgage of \$2,400 would stand while the second mortgage of \$1,100 could be paid off in a series of \$50 notes coming due monthly. The down payment was \$600.

That was six and a half years ago. The other night I opened up my account book. Before me was the complete record of every dollar spent in my venture as a home owner. I am frank to admit that I was jolted by

some facts brought to light after a little figuring.

I discovered among other things that my \$4,100 home has cost me to date \$6,200.67 and there is still \$500 due on the first mortgage. Not only so, but I was amazed to find that my total payments for the 78 months of possession were equivalent to a monthly rent of \$79.50. For that sum, naturally, I could have rented a much finer home than the one in which I have been living.

Here are the figures:

Payments on principal....	\$3,568.98*
Interest .....	748.51
Taxes and insurance.....	370.97
Improvement and upkeep..	1,439.21
Conveyancing and mortgage costs .....	73.00

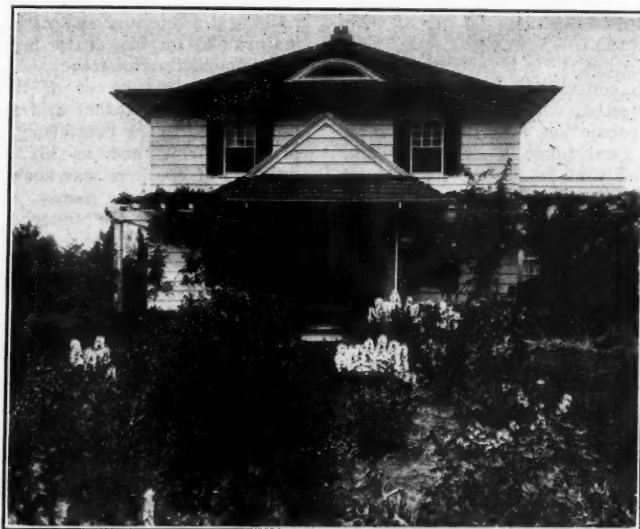
Total ..... \$6,200.67

\* Odd figures due to adjustment of taxes and insurance at time of first payment.

Anyone with a grain of curiosity will naturally want to know how I conclude from any such figures that home ownership is a paying investment. Well, anybody who studies the figures for a moment must admit that at least I have saved all the money applied to the reduction of the principal, or \$3,568.98. This

is equivalent to saving \$45 each month during the period. Actually I have done slightly better than that. A substantial portion of the \$1,439.21 charged against improvements and upkeep has gone for improvements that has definitely increased the value of the property aside from any enhancement due to other causes. Even without any such allowance, my actual rental figures out something less than \$35 a month.

To be sure I have received no interest on any part of my \$6,200 out-  
(Please turn to  
page 513)



# An Investment Story with a Moral

Wherein the Value of Investing in Well Known Standard Issues Is Again Illustrated

By JOSEPH ALLEN

**T**HINKING of the term "Investment" as the laying out of money which may be productive or otherwise, we are apt to consider the word to mean something of a permanent nature, that does not have to be looked after continually, that it will more or less look after itself and that the increment of, or the income from, which is secure and assured over the years. This, I believe, is the generally accepted idea of an investment.

But my opinion, expressed in my own humble way, is that "there ain't no such animal." No greater loss of money to individuals can be accounted for than the loss accruing from the decline in values of so-called investments—securities which have been placed in "strong boxes" and forgotten until the drastic decline can no longer conceal itself from the owner and he (or she) wakes up to find a supposedly strong security has turned out to be a very weak one indeed.

"There is nothing constant except change" quotes the philosopher and this can be applied to any sort of investment as well as anything else. Without proper forethought, selection and supervision any investment may dwindle into the wall paper variety. Investments must be mixed with brains to give one proper returns.

"Buy it, put it away and forget it" is a favorite expression whose only power is in constant repetition and not in real worth. Properly selected, what might be looked upon at the time as a rank speculation, may turn out to be a prime investment. By the same token, a security which, when acquired looked so good that its owner thought he could put it away and forget it, may turn out to be the world's worst speculation. What I am driving at is that careful selection of the avenues for the placing or loaning of funds should be done by those who have given time to thoughtful study and reading along financial lines, who, when the time is ripe, can try out their ideas in a very small and modest way and gradually advance the sphere of activity as time and experience dictates.

Haphazard investing can no longer maintain vogue in the face of the massive dissemination of information through the channels of the financial pages of daily and weekly papers and magazines. A man's own business may be a good investment as long as he is actively engaged in the management of it but when he severs his connection and others are in control, so that his source of information is gone, he is better off to withdraw his capital and place it



Buy good standard securities and then keep an eye on them.

into a diversified line of stocks or bonds listed on the New York Stock Exchange and approved by THE MAGAZINE OF WALL STREET.

A case in point. When my father died he left in his estate, stock in a large, well known manufacturing company, makers of a line of metal products. This company had been for years a model for fair dealing, integrity and high grade merchandise. For over seventy years it had been one of the mainstay industries for the employment of labor in the city in which we reside. Almost his last words were that his heirs were to keep that stock, it had always been good and his judgment led him to believe that it always would be so.

True, the markets for its products seemed secure, its goods were well and favorably known, the management during his lifetime had been of the highest class and the books of the

company were lined with the accounts of well known and satisfied customers of years standing. My father, actively connected with the firm for years, had drawn interest from his stock for the same length of time, sufficient to raise him into the class of the comfortably well-to-do. There was nothing to warrant any other judgment than the one he maintained on his death bed. Hence, the advice to his heirs to retain the stock.

The principal owner of this company had died a few years before my father and a lawyer (his son-in-law) had been elected to the presidency. He knew as much about the manufacturing end as his youngest office boy but the prestige of the firm was such that it was difficult for it to do other than make money, the old department heads still being active and the superintendent of the works still in charge. The lawyer-president died, his place being taken by another son-in-law of the original owner. This man's previous experiences would lead one to class him as a promoter.

Just about that time the World War broke out and the demand for our firm's goods rose by leaps and bounds. The promoter-president, scenting a possible big winning, managed to secure options on the controlling stock (he already had about one-third control through his wife) and proceeded to declare extra dividends, two 20% and one 10%, which enabled him, together with what he could then borrow, to buy in the controlling shares. This was all done during the extreme war and post-war expansion period. All these extras served to make my inherited stock more

valuable and made me feel pretty good to have all that extra cash in my bank account.

Business was humming but there were certain things which did not seem to be so good. There was a noticeable number of resignations, one after another, by the old department heads and finally the superintendent of plant resigned, his place being taken by a man of mediocre ability. About this time a great friend of mine secured an accounting position with the firm and he told me a lot about the inside workings of the management.

This was a great piece of luck for me as it later turned out, for, had I not had the benefit of these conversations, I would today be a poor man, ruined by overconfidence in my father's life investment. My friend informed me that a certain new metal was being experimented with and that a company, also headed by our promoter-president, had been formed to market the same. This new company had in it many of the employees closest to the president and also the new superintendent.

The new company had entered into a contract with our company wherein the latter was to manufacture all the goods for the new company and to sell them to the new company at a 15% profit over manufacturing cost. Fair enough, one might say on first thought but all the losses for defective workmanship were to be borne by our company and on inquiry I found that 80% of the work was defective due to extreme difficulty attending the making of the new products. This defective work had to be scrapped and the loss shouldered by our company, the twenty per cent good work being taken, of course, by the new company at the stated profit. The thought gradually grew in my mind that there was something wrong somewhere. I felt that the formation of a new company, practically within the old, under these conditions, was morally wrong, if not legally so. I

**H**ERE is an investment experience that will probably "strike home" to many readers because it typifies a problem that undoubtedly others have been confronted with in their own experience. It requires courage to throw over an investment that for years has been a substantial source of income. Yet, lacking sufficient business judgment to liquidate a formerly satisfactory security at the proper time, many investors have suffered both the mental agony and financial loss in clinging tenaciously to an investment that is obviously on the downgrade.

wrote just that to our president, protesting—and was calmly told to mind my own business.

This again was fortunate for me, for it made me mad. I put up my stock and that of my co-heir for sale and as the market was still booming secured a premium price for it and we got out completely. Together with the extra dividends we had been paid we were well satisfied to be out of a company which seemed to be the victim of inside manipulation. What the object of this promoter-president could have been in taking money out of one of his pockets and putting it into his other, I cannot as yet fathom, for that is

actually what he was doing, with stock in both companies.

He eventually ruined himself and his associates. I believe he must have been hoaxed into thinking the new metal was going to be a wonderful discovery with which he could make millions. Later the truth of the complete failure of this new metal to be of any practical value was known to all, and both companies went into the hands of receivers.

This case, which no doubt can be matched by others along similar lines served to awaken me to the fact that investments are only good when under control. The necessary control is only secured by attention, observation and quick decision in a crisis of emergency, when the financial favorite of years standing must be thrown overboard and discarded even though all the sentimental ties of the past will otherwise. This age will not condone the act of sticking to a sinking ship on the financial sea and the one who can first see the leak and take advantage of that information, only can be saved. Attention, observation, decision and information are the watch words. Thinking, reading, digesting information; education and experience along financial lines seem like a lot to learn but with the aid of our present facilities, are not too hard. Investments must be supervised along these lines, or they are not investments.

## BYFI'S INVESTMENT SUGGESTIONS

*These investment recommendations are now a regular feature for the guidance of BYFI readers. With the original selection of each issue, safety of principal has been a foremost consideration. Each issue is watched continuously, and will be replaced at any time it may become unfit for retention. Such changes will, of course, be brought to the reader's attention, if and when they occur.*

### THE FIRST \$500

	Approximate Price	Yield to Maturity
Savings banks accounts are recommended for deposits of regular savings, to yield.....	...	4 to 4½%
Shares of well managed Building & Loan Assn. are recommended on the monthly payment plan	...	5 to 6%
Endowment Insurance is a suitable medium for the investor and yields a return of.....	...	3 to 3½%
*Laclede Gas Light 1st and ref. 5½%, 1963.....	104½	5.16%

### THE NEXT \$1,000

†International Mercantile Marine 1st & Coll. 6s, 1941.....	103	5.07%
*Montreal Tramway gen. & ref. 5s, 1955.....	99	5.07%
‡N. Y. Steam Corp. 6s, 1947.....	106	5.49%
†Western Pacific 1st 5s, 1946.....	99	5.09%

### \$5,000 FOR INVESTMENT

	Approximate Price	Yield to Maturity
Cuba R. R. 1st 5s, 1952.....	100	5.00%
Schulco Co., Inc., Guar., Ser. "B" 6½s, 1946...	103	6.19%
U. S. Rubber 1st 5s, 1947.....	87	6.22%
West Penn Electric 7½ Pfd.....	110	6.37%
U. S. Smelting & Ref. 3½ Pfd.....	54	6.46%
American Sugar Refining 7 Pfd.....	108	6.49%

### THE NEXT \$5,000

Seaboard Air Line 1st Cons. 6s, 1945.....	82	7.90%
Nassau Electric 4s, 1951.....	58	8.03%
Western Maryland 1st 4s, 1952.....	83	8.25%
Brooklyn-Man. Tr. 3½ Pfd.....	86	8.81%
International Paper, 7 Pfd.....	103	6.79%
‡American Tel. & Tel. common (\$9).....	178	5.05%

\* Available in \$100 units. † Available in \$500 units. ‡ Recommended to hold only.

# Keen Interest in Life Insurance

Disclosed by Inquiries from Readers —  
Various Problems Are Presented for Solution

By FLORENCE PROVOST CLARENDON

## Insurance Editor:

Taking advantage of the service your department renders to subscribers, I would appreciate your assistance in the matter of taking out some kind of insurance suitable for my needs. During the last few weeks I have been beset by numerous insurance agents enquiring when I was intending to take out more insurance. Some have recommended "20 Pay, Life," others 25 Year Endowment, and one suggested A Deferred Annuity.

At present I have only a small policy, a 20 Pay, Life, which embraces Disability and Double Indemnity clauses. The premium amounts to about \$35 per year. It is payable semi-annually. The policy was taken out at age 17. I am now 20 years of age, employed in the stock and bond department of the above mentioned broker's office and am earning \$125 per month; have no dependents and will not entertain thoughts of marriage until 28 or 30. In my circumstances what amount of insurance would you advise me taking and also what type of policy. I would appreciate greatly any assistance you may render in this matter. R. M. F.

I am interested in your letter regarding the type of life insurance best suited to your needs, and can understand that with so many varying suggestions from agents in your vicinity you may have felt that all forms being attractively presented by the field man, it was a case of "how happy would I be with either, were I other dear charmer away"!

You are young, and all forms of life insurance may be considered by you with attractively low premiums. So this is the time of life to begin building your insurance estate, when the physical examination is easily passed and the cost is comparatively small.

There are two plans of life insurance that now seem to me eminently suited to your conditions: the 30-payment Life, and the Endowment at 65. Under the first plan, when taken at age 20, premiums are payable only over that period of life when the income is normally ascending to its height, and the obligation of payments under the coverage is finished at age 50—a time when a man is usually supposed to have reached the height of his business career. This policy would call for a premium of about \$22.20 in a participating company annually—or about \$16.50 in a non-participating institution. In the former case the premiums are reducible by annual dividends, and the cost over a long period of years works out about the same to the insured.

Now age 65 appears as a small speck in the remote distance to age 20. But it's not so long after all, and the average man of 65 resents being alluded to as "an old man." As a fact, he isn't. So I am suggesting the Endowment at age 65 to you because it



provides protection to beneficiaries over a long space of time, and comes as an Endowment to the insured himself (if he is fortunate in living on to the mellow years).

## Insurance Editor:

I am a subscriber to your magazine and would like to have your advice with reference to the following insurance policy:

I am twenty-nine years of age, married with one child, and have an income of about \$3,000 a year. At the present time I am considering taking out a non-cancellable income insurance policy, which will, in the event of my becoming disabled and unable to carry on my occupation as a public accountant, pay me one hundred dollars a month for as long as such disability exists, beginning ninety days from the date of such disability. The policy also provides that during the time that I might be confined in a hospital I will be paid at the rate of one hundred and fifty dollars a month, payment to begin from the date of my being confined in the hospital. The policy also provides for the payment of \$1,000 to the beneficiary named therein upon my accidental death.

The premium on this policy is \$30 a year, which seems to be very low for the above named provisions.

Please advise me as to the desirability of such a policy. In the event you do not approve of it please furnish me with your opinion as to what I should take out in its place. H. R. F.

You do not state whether you are now carrying any life insurance, and of course, as the head of a family with wife and child to provide for you should take life insurance till it "hurts."

You should consider applying for life insurance of not less than \$5,000

with a strong effort to make it \$10,000 if you can consistently commit yourself for payment of the annual premiums on same. You could request in this policy the inclusion of the Disability Benefit which provides for waiving of premiums and a monthly income of (usually) one per cent per month of the face amount of the policy in event of total and permanent disability—an income of \$50 a month in the case of a policy for \$5,000, and also the additional Accidental Death Benefit. On the 30 Payment Life plan—an excellent form to consider at your age, as all premiums would be paid up before age 60—this policy for \$5,000 with the two Benefits included (Disability and Accidental Death) would call for an annual premium of about \$22.80 per \$1,000 or \$114 for the \$5,000 policy.

If you wish to carry health and accident insurance in addition, then this of course can be arranged for through the usual channels in companies offering such coverage. Your prime need now, however, is *life insurance* to provide maintenance for your dependents in event of your unexpected death.

## Insurance Editor:

Please give me your advice on how much and what kind of insurance I should take out. I have no insurance at present. A month ago I was made a widow by the sudden death of my husband. I have no dependents. I am thirty-four years old and must earn my own living. I wish to protect myself in case something incapacitates me for work and also against old age. I have earned \$1,800 a year and I expect to do as well if not better. I was thinking of taking out health insurance—both accident and sickness—a policy which would pay me a sum of money at the end of fifteen or twenty years. Should I have my personal things insured against loss, fire and theft? Very truly yours, I. D. H.

One of the most interesting forms of insurance for the self-supporting woman is the Income Policy, under which a stipulated income is payable to her commencing at a designated age—55, 60, 65. The income may be planned for \$10, \$25, \$50, or still larger amount, payable monthly. It may be arranged to have this income paid for a specified period of years; but the practical plan is to arrange for its continuance throughout the remainder of life.

As you have no dependents, and do not need protection for a beneficiary, you could with advantage consider applying for a Deferred Annuity, or Income Bond as issued by some companies, under which a monthly income for life is provided commencing, as

suggested above, at a designated age. For instance, at age 34, you could obtain an Income Bond guaranteeing the payment of \$50 per month commencing at age 60, for an annual premium of about \$200. In event of death before the annuity date, the company guarantees to return all annual premiums paid. This is an interesting contract, the full details of which cannot easily be outlined in a letter. We might say that, if desired, the Disability Benefit is included by some companies in this Income Bond, and thus if the insured becomes totally and permanently disabled prior to age 60, the annual premiums are waived, and a monthly income is payable.

You can, of course, take Health and Accident insurance, providing coverage for temporary disability, and such coverage is provided through the companies issuing Health, Accident, and the usual Casualty Insurance. Fire insurance would be advisable in your circumstances.

#### Insurance Editor:

I would appreciate your advising me on taking out an annuity policy, say for \$50,000, payments to be made after 20 years. I have in mind a straight annuity proposition as follows:

Premium—\$3,173.50 per annum.

Return—\$500 per month for life.

Cash Surrender Value at end of 20 years of \$78,100.

I am 35 years old, single, mother and father dependent upon me, but amply provided for in case of my death. My income is about \$20,000 per year and my sole purpose in taking out such a policy is for financial protection in old age. Please let me know if you think this is a good move on my part, also if this is the most economical form of annuity policy. J. H. E.

I think that you surely have not fully outlined the benefits under the Annuity contract you describe. If you have fully described them, the premium seems too high for what you get. There may, however, be two or three explanations of the high premium:

1st—It may be a participating premium;

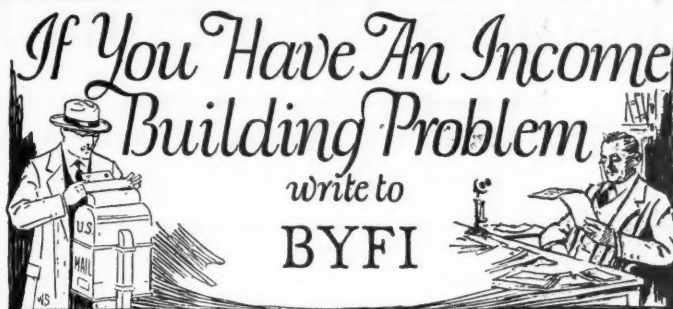
2nd—You may have an insurance benefit during the 20 years.

Please observe that if you pay \$3,173 a year and accumulate it at interest (even 4%) for twenty years you would have a fund of \$98,000—that is, \$20,000 more than the cash value to which you refer.

It is possible to buy a Deferred Annuity which furnishes no other benefit but the annuity, with a return of premiums in event of death, and a guaranteed cash value on survivorship, but the premium for this benefit should not be as large as that you quote.

In the case of a man in your position, able to set aside three or four thousand a year, for investment purposes, we are inclined to recommend a conservative investment programme for a considerable part of your saving, combined with life insurance to meet those needs which are bound to arise in event of premature death.

(Please turn to page 534)



#### BYFI Editor:

I want a frank opinion from you on the practice of buying securities with borrowed capital. There are many ways of buying securities with borrowed capital that range all the way from getting a conservative bank loan against high grade investment securities down to buying very speculative stocks on margin. It is the principle of the thing that I am concerned with, however, and this is what I want your opinion on—is it good policy to buy securities with borrowed funds? I am planning to invest some of my own money in good stocks such as General Motors, General Electric, etc., and I can borrow more capital if it would be advisable to do so. I ask this question with a serious purpose in mind and hope you will be frank in giving me your answer. Very truly yours, A. S. P., Philadelphia.

While we appreciate the seriousness of your purpose, and the necessity for a frank answer to your question, still it is impossible to answer either "yes" or "no" to the question, "is it advisable to buy securities on borrowed capital?" You fail to state two important things: first, is your real intention to "invest" in these securities, i. e., to hold them more or less permanently for their income or long range growth in value; or do you intend "to trade," i. e., to buy and sell for quick profits that might present themselves through fluctuating market prices. Second, if your purpose is to trade in these securities for profits, then what qualifications do you have for successfully following this pursuit? If you plan to make a permanent investment with this borrowed capital, we question the suitability of the securities which you mentioned in your inquiry. Both companies are sound, well managed concerns, which have grown in past years and which are likely to continue their growth to the ultimate advantage of their shareholders. Still, they are essentially speculative stocks, which have shown a wide range of market prices and pay a lower rate of cash income than you would probably have to pay for borrowed funds. Money should always be borrowed with some thought as to repayment, and if

the necessity for repayment should occur at such time as market values are low the forced liquidation would necessitate a loss of your own capital. The same stocks bought outright for cash, on the other hand, would probably reward you well in dividends, extra disbursements in the form of rights or subscription privileges and growth in market values. Now, if you plan to use this borrowed capital to assist you in an endeavor to buy and sell these securities for market profits, then we would answer yes, if you are qualified by knowledge, experience and temperament to engage in this pursuit. This is a frank opinion as to the principles involved and should assist you in diagnosing your own case.

#### BYFI Editor:

I have a question which really involves the "ethics" of the brokerage business and is concerned with a margin account which I opened with a brokerage house about two months ago. When I opened the account I had sufficient margin to deal in round share lots. I have had several severe losses in the meantime, and while I have no stock in the account I have a small cash balance. My broker now tells me that he cannot accept orders from me unless I replace the money lost, and after some "words" suggested that I close out the account. Am I being treated fairly and do I not have the right to buy whatever I please, and as few shares as I please? T. L., New York City.

From your own statements, the problem does not seem to us to involve "ethics" as much as it does the relationship between a broker and his customers. When a broker buys securities "on margin" he is extending an accommodation which he has both the legal and ethical right to withdraw at any time. Presumably your account does not have sufficient margin to deal in 100 share lots and perhaps the broker prefers not to handle odd-lot business for his customers. Most firms consider odd-lot accounts in the light of an accommodation and many have strict rules to govern these transactions.



# Business Maintains Fair Volume

Warmer Weather Stimulating Retail Trade—Soundness of Business Situation Unimpaired Although Progress Toward Higher Levels Is Slow—Prices Irregular.

## STEEL

### Consumption Well Maintained

SINCE July is normally the month when steel output reaches its lowest level, declining operations come as a natural occurrence at this time of the year. As a matter of fact, however, mill activity is holding up better than expected, present capacity being between 70 and 73% for the entire industry; and the low point this month will probably be around 65%. The rate of operations in July is usually a fairly good indication as to general conditions in the industry and the average rate of 65% which is predicted will reflect the sound underlying situation. In comparison with last year production in the first six months was considerably higher and in all probability established a new record, while the trend of consumption was also upward. Despite the seasonal contraction now in evidence, the volume of new business

(Please turn to page 517)

## COMMODITIES\*

(See footnote for Grades and Unit of Measure)

	1928		
	High	Low	*Last
Steel (1) .....	\$33.00	\$32.00	\$32.00
Pig Iron (2) .....	17.00	15.35	15.75
Copper (3) .....	0.14%	0.14	0.14%
Petroleum (4) ..	1.90	1.03	1.23
Coal (5) .....	1.85	1.53	1.85
Cotton (6) .....	0.23%	0.17%	0.23%
Wheat (7) .....	2.22	1.60%	1.79%
Corn (8) .....	1.27%	1.06	1.24%
Hogs (9) .....	0.10	0.07%	0.09%
Steers (10) .....	16.50	12.00	14.75
Coffee (11) .....	0.17%	0.14%	0.15%
Rubber (12) .....	0.41	0.17%	0.19%
Wool (13) .....	0.50	0.44	0.48
Tobacco (14) .....	0.12	0.12	0.12
Sugar (15) .....	0.04%	0.04%	0.04%
Sugar (16) .....	0.06%	0.06%	0.06%
Paper (17) .....	0.03%	0.03%	0.03%
Lumber (18) .....	22.42	19.96	22.42

\* June 30.

(1) Open hearth billets, \$ per ton; (2) Basic Valley, \$ per ton; (3) Electrolytic, c. per pound; (4) Mid-Continent, 36", \$ per bbl.; (5) Pittsburgh, steam mine run, \$ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, \$ per bushel; (8) No. 2 Yellow, New York, \$ per bushel; (9) Light, Chicago, c. per pound; (10) Top Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. \$ per M.

## THE TREND IN MAJOR INDUSTRIES

**STEEL**—Although price situation is still unsatisfactory from producers' viewpoint, closing of third quarter contracts on bars, plates and shapes means buyers must definitely commit themselves at higher price of 1.90c. Demand is holding up well for this time of year.

**METALS**—Strong position of copper is apparent, for while demand has fallen off considerably prices are holding firm at 14¾ cents. Lead and zinc markets are improving. Earnings of producers should be more favorable.

**PETROLEUM**—Stocks of crude oil and refined east of the Rockies for the first time in two years show some decline, and prices are firmer as a result. Gasoline markets should reflect further strength under the stimulus of record motorist demand.

**AUTOMOBILES**—Production activity is lessening but the decline is later and is not so marked as in previous years. The downward tendency of production is partly offset by the stepping up of Ford output. New models are aiding sales volume.

**BUILDING**—Although construction volume has decreased somewhat from high levels, operations are well sustained; and building programs are of such large dimensions for coming months as to indicate that present slight decline is only temporary.

**SUGAR**—Improvement in weather should help consumption, while small stocks in hands of distributors will probably bring about heavier demand for refined sugar, finding reflection in larger buying of raws. Removal of duty free sugar strengthens possibility of higher prices.

**COTTON**—Excessive rains in the cotton belt have had a tonic-like effect on prices which are strong at the highest levels of the year. It remains to be seen, however, whether production will be curtailed as a result of continued wet weather, and, in view of unsatisfactory condition of consuming trade, whether or not this situation has been over-exploited.

**RAILROADS**—Despite the lower volume of freight traffic, earnings in May exceeded April results, reflecting higher operating efficiency. With car loadings now definitely on the upgrade and steady practice of applying economies where possible in railway management, prospects for ensuing months are decidedly bright.

**SUMMARY**—Usual summer let-down is now apparent in number of industries, although decline is less pronounced than in former years. While business activity has been rather disappointing, underlying conditions are sound and give promise of more rapid development when seasonal dullness has spent itself.

## AUTOMOBILE— GREATEST INDUSTRY!

**I**N the late nineties a man was arrested in Central Park New York City, for driving that new contraption, the "horseless carriage" at a speed of eight miles an hour! The same man might go through the same experience today—but the charge would be obstructing traffic.

Within the memory of every living adult person the automobile industry has passed through the necessary stages of experimentation and invention; production and distribution; exploitation and competition.

The development of this industry, during the past thirty years, has meant an almost unbelievable turn-out in capital. It has necessitated new systems of financing to meet the requirements of manufacturers, dealers, merchants, individual car-buyers; it has influenced every banking institution in the country.

The automobile industry is now America's first industry.

The figures shown on this page are startling. But they are as nothing to the figures you will see five or ten years from today. Despite the seemingly universal use of the motor car in America, the influence of the automobile on the commercial and the social life of this country is only beginning to make itself felt.

There are still millions of families who do not own a motor car, but should own one. There are still millions of manufacturers and merchants; jobbers and wholesalers who should operate motor trucks. There are yet millions of farmers who have to investigate the possibilities of operating tractors. New bus connections, by the thousands, are waiting their turn.

And the motor car is a perishable commodity. Its average life is seven years. Last year, for instance, 2,000,000 cars were scrapped. Of the thirty-five million cars manufactured in the last fourteen years, thirteen million have gone on the junk heap. They have been replaced by new cars. That is an inevitable market.

But—let these figures speak for themselves.

### 1927

Total car registration in United States:  
23,127,315

Their wholesale value:  
\$3,371,855,805

Capital invested in the industry:  
\$2,080,657,664

Persons employed in industry:  
324,665

Factory Wages:  
\$585,823,733

Motor truck fleets (2 or more cars)  
272,000

Gallons of gas consumed:  
9,749,898,000

Motor car dealers  
53,125

# The Car that Made A Word Famous!



**F**OR fourteen years Dodge Brothers have been manufacturing motor cars and selling them to the car-buying public through a dealer organization second to none in America.

The quality of the product—the stability of the organization—has often been described in a single word—"dependable."



**T**ODAY, applied to Dodge Brothers products and the Dodge organization, the word "dependable" takes on a new and greater meaning.

There never was a time when Dodge Brothers made better cars, more dependable, or more beautiful cars.

Dodge Brothers dealers and the public point with pride to the Senior, the Victory, the Standard and Graham Brothers Trucks and Motor Coaches. Each in a different price class—each the best in its class.



**E**

The current year points to still greater achievements in a career already rich in extraordinary achievements.

## DODGE BROTHERS, INC.

DETROIT

### THREE GREAT SIXES!

*The Standard Six \$875 to \$970; The Victory Six \$995 to \$1295; The Senior Six \$1495 to \$1770 also Graham Brothers Trucks and Motor Coaches.*

## ANSWERS TO INQUIRIES

### SUBSCRIBERS—ATTENTION

The Personal Service Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. If you are a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. The inquiries presented in each issue are only a few of the thousands currently re-

ceived and replied to. The use of this personal inquiry service in conjunction with your subscription to the Magazine should help you to get hundreds or thousands of dollars of value from your \$7.50 subscription.

Inquiries cannot be received or answered by telephone nor can personal interviews be granted. Inquiries from non-subscribers of course will not be answered.

#### TEXAS GULF SULPHUR

*I own outright 100 shares of Texas Gulf Sulphur, bought at 76, to be held from six months to one year both for income and appreciation. Would you average around 66 now that this stock seems to be coming back? Is the \$4 dividend safe?—H. F., Tombstone, Ariz.*

Texas Gulf Sulphur with Freeport Texas control most of the known sulphur supply in the United States, and in the neighborhood of 75% of the world supply. Texas Gulf has a highly favorable earnings record since organization of the present company in 1919, with expansion in profits pronounced in more recent years, reflecting expiration of low price contracts and renewals at the existing high sulphur prices, together with increased production. Net income in 1927 was equal to \$4.76 a share against \$3.69 a share in 1926, followed by \$1.21 a share in the first quarter of 1928 compared with \$1.12 a share in the same period last year. Due to increased demand and production the indicated life of deposits has been somewhat shortened, but leases negotiated with Gulf Oil Corp. and Sun Oil Co. have not only eliminated these companies as possible competitors in the future, but have served to add to Texas Gulf's potential supply, so that estimated life of owned and controlled properties, on the basis of present production, is placed at around 40 years. Financial condition is excellent, which permits of the distribution of practically all profits as dividends. However, while output this year is likely to be as heavy as last, large expenditures are in prospect over the next few years in developing recently acquired deposits, and expansion in profits will doubtless be less rapid. Dividends at the current annual rate of \$4 a share seem reasonably safe, but higher disbursements do not seem likely in the near future. The shares afford a fair income return at the existing levels, which offsets the absence of outstanding possibilities of

#### Are You Sure of Your Broker?

*We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.*

*Subscribers wishing to avail themselves of the privileges of the Personal Service Department should be guided by the following:*

- 1 *Be Brief.*
- 2 *Confine requests for an opinion to THREE SECURITIES ONLY.*
- 3 *Special rates upon request to those requiring additional service.*
- 4 *Write name and address plainly.*

substantial enhancement for the near term. You might do well to retain your present holdings, but we would suggest deferring fresh commitments for the present.

#### SUN OIL

*Sun Oil at current levels looks like a purchase to me. I understand this company is heavily engaged in the sulphur industry as well as being a complete unit in the oil industry. What are the sulphur possibilities in a year or two? Do you think an extra dividend may be distributed this year? I believe a 3% extra in stock was paid last year.—I. H. H., Chicago, Ill.*

Sun Oil Company is a completely integrated unit in the petroleum industry, covering all branches of activities, including an extensive marketing organization, both domestic and foreign. Products are distributed under the well known trade name "Sunoco." Organized in 1901, present capitalization consists of approximately 9.7 millions funded debt, 50 thousand shares of \$100 par value 6% cumulative preferred stock and 1,206,196 shares of no par common stock. Following record profits of about 8.4 millions in

1920, a drastic decline was experienced in 1921, when a deficit of 1.2 millions was reported, with irregular recovery in subsequent years, results in 1927 showing a balance of \$2.17 a common share against \$2.86 a share in 1926. At Boling Field, Texas, the company has a leasehold on about 350 acres of which 75 acres are estimated to contain from two to six million tons of sulphur. Early this year, the company is understood to have disposed of this sulphur deposit to Texas Gulf Sulphur for one million in cash and a royalty of \$1 per ton mined, and it is expected that about 200 thousand tons will be mined annually, on which basis something less than 20 cents a common share would be added to income account. However, the company is strongly entrenched in the petroleum industry, enjoys a sound financial position, and with indications of more stabilized trade conditions through closer cooperation of important oil interests, the long term outlook seems favorable. Dividends are now being paid at the

(Please turn to page 499)

**When Quick Service Is Required Send Us a Prepaid Telegram and Instruct Us to Reply Collect**

# Is This the Time To Buy or Sell?

**F**OR the past month the stock market has been undergoing a general readjustment. Now, apparently, it is about to assume a definite trend. The questions asked by investors and traders are: "Is this trend of the market to be up or down?" and, naturally, "Shall I buy or sell securities?"

## Individual Service Essential

The variance of opinions regarding the forthcoming phase of the market indicates more than ever how essential it is that you employ individual security advisory guidance—a service such as that available to subscribers for The Investment and Business Forecast of The Magazine of Wall Street.

## Your Holdings Should Be Under Daily Scrutiny

While a careful and well-informed selection of your new commitments is important, a day-to-day scrutiny of all your holdings is of even greater importance. Then you are relieved of the worry of determining whether an advance in a security is the beginning of a new upward movement or, merely a technical rally due to short covering which may be followed by a drastic decline in the market value of that particular security.

Subscribers to the Forecast are not only definitely advised when to make commit-

ments but when to close them out. It is our business—a business we have successfully conducted for years—to study the cross-currents of the stock market, the money and economic situation; the technical market position; business conditions; the trend of an industry and of specific securities in the industry; and the many other factors that affect security values.

When a recommendation is made to our subscribers it represents the combined judgment of the trained experts who constitute our staff.

**T**HE biggest profits are always made by those who enter a campaign at the beginning of the movement. Here is an outstanding opportunity for you to participate to the fullest in the unusual profits that will be available during the coming months.

*Mail the coupon below at once and we will:*

- (a) telegraph or cable you immediately three to five stocks so that you may take a trading position without delay. These stocks will be selected from our regular departments so that you will be advised when to close them out;
- (b) send you the regular weekly and all special issues and recommendations of The Investment and Business Forecast for six months, summarizing by wire or cable all important advices—when to make commitments and when to close them out;
- (c) analyze your present and contemplated holdings at any time during the entire life of your subscription and tell you what to do with each security you own;
- (d) wire you within the next six weeks (in addition to the regular and special advices of the Forecast) individual profit recommendations covering three stocks of which we will keep a card index record and advise you by personal telegram when to close them out. We endeavor to send only one of these recommendations at a time.

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July 14

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☐ Wire me collect upon receipt of this coupon, three to five stocks in which to make commitments at the market as mentioned in (a).

## BALTIMORE & OHIO R. R. CO.

(Continued from page 467)

ception. Since 1923, this item reflected a loss of 4.46 million dollars. Average receipts per passenger mile fell 4.6%, the number of passengers carried 29% and the total passenger mileage 10.5%. Freight revenues decreased \$5,020,111 as a result of a lower rate structure, rather than because of any change of importance in the volume of tonnage transported. Average receipts for every ton moved one mile were 0.977c in 1927 as against 1.012c in 1923, a decrease of 3.46%.

Had the same rates prevailed last year, as at the beginning of the period, under consideration, freight revenues would have exceeded those reported in 1923 by approximately \$2,300,000. The average rate received by Baltimore & Ohio was also less than the reported average of 1.08c received by all railroads in the country. It also falls considerably below that reported by the Pennsylvania Railroad, which received 1.03c in 1927. Considering the fact that Baltimore & Ohio enjoys the same territorial grouping as its larger competitors and carries practically the identical proportions of high and low grade freight, the showing it has made in recent years speaks highly for the efficient manner in which the property is operated.

This is most strikingly reflected in a reduction of 13.1 million dollars in operating expenses. It is true that maintenance of equipment was approximately 12.5 million dollars less in 1927 than 1923, but the charges in the latter year were abnormally heavy. The company was engaged in the rehabilitation of its rolling stock, which was not in good condition when the road emerged from Government control. Substantial sums were expended on the repair of equipment and over 20,339 obsolete cars were retired. Since 1924, maintenance of equipment has increased, indicating that outlays for this property are in line with normal requirements. At the close of 1927, bad order cars amounted to 4.8%, as against permissi-

ble standards of 5%. This compares with 6.2% of unserviceable freight cars at the close of 1923 and 10.6% at the close of 1924. Maintenance of way increased slightly, but measured by various standards, appears adequate. The large decrease in transportation expenses, amounting to 7.39 million dollars in the face of a slight increase in the volume of business is reflected in a decline from 37% to 35.4% in this item between 1923 and 1927. That the operating ratio, especially the transportation expense failed to reflect any further decrease is in a large measure due to increases in wages of employees.

The accompanying table shows what the management has accomplished in its efforts to reduce its expenses. Any increase in the gross train load finds reflection in decreased costs. It sometimes happens that the increased train load results in over-loading and delays with the subsequent sacrifice of speed. This seems to have been avoided, as is indicated by increases of 21.8% and 13.8% in gross train load and miles per train hour respectively. Attention is also directed to the item gross ton miles per freight train hour. The aim of the management is to move the largest amount of gross ton miles possible with the smallest amount of train mileage consistent with good service. Here again the management has been equal to the task imposed upon it, an increase of 33.6% and a decrease of 6.5% being reflected. Among other economies that have contributed towards the lowering of transportation expenses, is a reduction of 17.6% in fuel consumption.

It is this improvement in operating results that explains why net railway operating income increased \$2,684,098 in the face of a reduction in \$9,515,925 in gross revenues during 1923-1927. Moreover, results of recent years indicate that the management is able to carry a satisfactory portion of any increase in gross revenues to net railway operating income. An increase of \$13,128,145 of the former item in 1925 resulted in the retention of \$4,949,744 for the latter. In 1926, gross increased \$14,814,891 of which amount \$7,771,269 or 52.5% was retained for net railway operating income. This factor undoubtedly constitutes the most impor-

tant constructive element entering into the affairs of Baltimore & Ohio. Net income, however, failed to reflect the benefits of increased operating efficiency due to an increase of \$2,454,489 in taxes and \$4,357,463 as a result of high interest charges on the company's funded debt. This increase is due to the fact that annual charges increased almost \$2,000,000 due to the higher interest rates on the new obligations issued in 1924 and 1925 to replace \$131,000,000 in maturing bonds, which bore interest at an average annual rate of 3.5%. Dividend payments have also increased, due to not only because of an increase in the annual rate of, from \$5.00 to \$6.00, but because of the increased amount of stock now outstanding. Based on the number of shares outstanding at the close of 1927, the equivalent of \$23.00 per share of common stock was returned to surplus during the past five years.

During this five year period, the company's investment in property devoted to transportation reflected an increase of 138.5 million dollars. More than 5,400 new freight cars were acquired and although the number of locomotives decreased slightly, the average increase in tractive power per unit was approximately 10%. Considerable sums were expended for additional double tracking and many bridges were reconstructed and reinforced to permit the movement of heavier train loads. Of the more important work completed was the new grain elevator at Locust Point, Baltimore. It has a capacity of 3,800,000 bushels and can be expanded indefinitely by the addition of other units. The growing importance of Baltimore as a port has also found reflection in the company's wharfage facilities. Investments in subsidiaries increased 30.9 million dollars. The latter included the value of the Cincinnati, Indianapolis and Western securities as well as additional holdings of Reading Company. The last named investment is carried at a value considerably lower than appraised by current market quotations. Current assets including cash, reserved for the redemption of bonds which have since been retired totaled \$91,913,650 and current liabilities were \$29,570,123. During this five year period net working capital increased \$9,001,557.

Total assets increased 178 million dollars and of this amount 59.8 millions was due to surplus earnings and 19.1 millions resulted from an increase in accrued depreciation reserves. Although new capital obligations increased 100 million dollars, 37.28 million dollars represented bonds and the balance, common stock. Of the \$63,242,500, common stock sold in 1927, \$35,875,000 was applied towards the retirement of the ten year secured 6's of 1929. The disposition of this obligation was of considerable importance, since it released securities having a market value of almost \$70,000,000. Included therein were holdings of Reading having a par value of \$30-

(Please turn to page 496)

### B. & O. Operating Statistics

Item	1927	1923	Change	Per cent
Gross tons per train.....	1,946	1,597	349	21.8
Speed, miles per train hour.....	10.7	9.4	1.3	13.8
Gross ton-miles per train hour.....	20,768	18,846	1,922	10.2
Freight train mileage .....	24,324,000	25,996,000	1,701,000*	6.5*
Fuel consumption lbs. per 1,000 gross ton miles .....	155	188	33*	17.6*
Number of cars per train.....	48.4	42.8	5.6	14.7
Net tons per loaded car.....	32.1	30.2	1.9	6.3
Net tons per train.....	928	840	88	10.4

(\* Decrease).

# HOW

## to make your investments show a

# BIGGER PROFIT

**M**ONEY can be — and is — made in conservative investments at a surprisingly high rate, provided certain facts are understood and acted upon. We have all heard stories of instances where \$1,000 invested in a given company is today \$80,000 or more. General Motors, Nash Motors, many chain store stocks — there are frequent examples where capital appreciation has run to 1000% or above in a comparatively few years.

Whoever had the knowledge and the foresight to buy such securities has profited enormously. Yet, the number of such fortunate ones compared to the people who average 6% and less is unbelievably small. And here is the reason. Most men with money to invest buy securities mainly on the strength of the present and past record. Which is entirely sound as far as it goes. The significance is that it stops at just the point where mediocre returns might have been turned into outstanding profits.

### How money is made

Money is made by selecting the strongest companies in the fastest growing industries; companies and industries that will forge ahead; securities bought not only on present facts, but because of forward-looking judgment. Yesterday it was the automotive industry, tomorrow it may be the aeroplane. One thing is certain. Changing conditions mean that what was last year the most profitable outlet for your funds will probably not be next year.

## BROOKMIRE

### NEW YORK, N. Y.

An organization—national in scope—whose business is to provide investment counsel to individuals and institutions whether the amount be \$5,000 or \$5,000,000.

We do not mean, however, that investment now should be in new, untried fields. Many solidly established businesses are just on the threshold of still greater expansion.

### Theory vs. practice

This theory of investment may seem correct to you, but its practical application may appear difficult. However, it can be applied for you. What is required is (1) knowledge of the general business trend (2) data on every type of business (3) statistics on individual companies, their earnings, policies, capital structures, management, etc. (4) facts on security trends and money rates. How many investors know these things, or have the time to study them—even if the sources were open to their scrutiny? Obviously, very few.

Here, then, you find the reason for such an organization as Brookmire. National in scope, a quarter century old, serving thousands of investors, Brookmire's sole business is to unearth the investment opportunities that exist today, as they always have existed . . . for those who can see them. The Brookmire objective is to find for its clients the securities that will increase in value, through discovering the companies and the industries that are destined for the most rapid and permanent growth. Such a selection must be forward-looking if it is to be successful. It requires skilled judgment based on complete past and current information on American industrial de-

velopment and security values.

Which is more likely to succeed in building up investment capital quickly and safely—an individual operating alone, in spite of the fact that he must spend the major part of his time in his own business, or the same man advised by an organization of full-time specialists with comprehensive resources, whose sole interest lies in the accurate, profitable selection of securities, so that all clients' funds will increase?

### The way to investigate

The Brookmire record is open for inspection. We urge you to ask your bank regarding us, to consult any financial authority, to send for a complete description of the Service. Apply any test you like and then determine whether it will prove to your profit to secure Brookmire advice on your investments. Remember, too, before sending the coupon, that we do not advocate in-and-out trading. The average individual is certain to lose money in trying to catch the "short swings", and we do not attempt to advise anyone on this basis. Lastly, remember that every Brookmire client is considered in the light of his individual requirements. His personal status and objectives are considered in the recommendations we make for him.

Complete information will be sent upon receipt of the coupon.

*Inquiries from West of the Rockies should be addressed to the Brookmire Economic Service, Russ Building, San Francisco, California.*

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New Orleans

(Continued from page 494)

332,500 and \$24,500,000 refunding and general mortgage bonds. The latter are treasury assets and the company is free to sell or pledge them as it sees fit. Baltimore & Ohio is now in the strongest financial position in its history. Cash and securities at the close of 1927 were approximately \$100,000,000 and will no doubt prove sufficient to finance additional capital expenditures during the next few years.

The use of common stock as a medium of financing was essential, for while the sale of bonds was possible, their continued use would have become more restricted as time went on. The company's first mortgage is now practically closed. The use of the refunding and general mortgage was subject to certain limitations. The amount of bonds that could be issued under this indenture was limited to, including prior liens less bonds reserved to retire other obligations at maturity, to not more than three times the amount of capital stock outstanding. While there was still some leeway towards utilizing this medium of financing, no bonds in excess of six hundred million dollars could be issued without the consent of both the common and preferred stockholders. In the circumstances, therefore, it appears logical to assume that Baltimore & Ohio may continue to use common stock extensively as a means of financing its capital expenditures in the future.

### Capitalization

The capitalization of Baltimore & Ohio has been greatly improved, due to the better balance between stocks and bonds. Including \$70,488,800, equipment obligations, there was outstanding \$546,943,223 of funded debt. The latter comprised 66.5% of the capitalization at the close of 1927, as against 73.3% at the end of the previous year. There was also outstanding \$6,435,950 of capitalized leaseholds. Capital stock comprised 33.5% and consisted of \$58,863,181 4% non-cumulative preferred stock and \$215,187,854 common stock. Dividends on the senior issue have been earned by a very wide margin of safety in years and have been paid without interruption since the reorganization in 1899. Payments on the common stock were made at varying rates from 1900 to 1919, in which year dividends were suspended. In view of the large maturities in 1925, the management deemed it wise to withhold payments on the junior equity, pending the upbuilding of the property. In 1923, payments at the annual rate of 5% were resumed and late in 1926, the present rate of \$6.00 per share annually was instituted.

Since the future of Baltimore & Ohio will largely depend on the extent to which its traffic will continue to grow, an examination of its possibilities in this direction merits careful analysis. Affording the shortest route to the seaboard from the great inland steel centers and the important manufac-

(Please turn to page 498)

# *The* PUBLIC UTILITY INDUSTRY

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The July 28th issue of The Magazine of Wall Street will be our ANNUAL PUBLIC UTILITY NUMBER. Going to Press July 23rd.

It will reach a quarter million investors at a time when they are seeking securities in which to invest their dividend and surplus funds.

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---

## *A Partial List of Contents*

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All Public Utility Companies who have securities listed on the Stock Exchange and which are held by the Public should insert an institutional message in the advertising columns of this issue!

All Investment firms with P. U. securities for sale to the public should avail themselves of this opportunity to reach so many interested buyers.

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New York

(Continued from page 496)

turing districts of the Great Lakes and Central Western States, it enjoys many advantages over its competitors for certain classes of traffic. The fact that its lines serve the coal fields of West Virginia, Maryland and Pennsylvania, enables it to occupy an important position as a carrier of this commodity to the tidewater for shipment to New England and Europe. Furthermore, Baltimore is now an important receiving port for bulk commodities. Large quantities of the latter are received there for reshipment into the interior. On eastbound traffic, the Baltimore & Ohio Railroad enjoys very favorable rate differentials over such cities as Philadelphia and New York. Of considerable importance is the fact that Baltimore & Ohio has a fairly substantial interchange of traffic with several southern carriers. As the territory served by the latter is undergoing a very rapid industrial development, this source of business should also continue to expand. In its own territory, industrial development continues to make satisfactory progress. Between 1923 and 1927, new plants to the extent of 1,895 located along its lines and 404 old industrial plants were considerably expanded. The foregoing undoubtedly would seem to indicate that Baltimore & Ohio is in a satisfactory position, insofar as the future expansion of traffic in its territory is concerned.

### Conclusion

The merger with Reading should result in considerable economies, although too much stress should not be placed on this phase of the situation at present, in view of the delays incident to consolidation. There is also to consider at present, the attitude of the Interstate Commerce Commission regarding the acquisition of holdings of other carriers. Recently, the commission cited several carriers, among them the Baltimore & Ohio as having violated the Clayton Act. The acquisition of the stock of Western Maryland and the additional Reading holdings recently acquired were without permission from that body. As to whether the latter has the power to prevent the purchase of stocks by railroads of other carriers for merger purposes without its sanction, cannot be foretold at this time. Solely from the standpoint of its own merits, the Baltimore & Ohio Railroad is well situated. Its traffic should continue to develop steadily. Its credit has vastly improved and thanks to its capable management, its operating standards are very high. The latter should find reflection in increased earning power as soon as any increase of consequence in gross revenues materializes. With the long term outlook for the property satisfactory, the common stock at current levels of \$105 per share appears attractive. The return of almost 6% is somewhat higher than most of the other investment railroad issues and in addition, offers to the patient holder fair possibilities of enhancement marketwise eventually.

## ANSWERS TO INQUIRIES

(Continued from page 492)

regular annual rate of \$1 a share, but shareholders have received liberal treatment in the past as conditions have warranted, which may be expected to be continued in the future as the anticipated recovery in the industry as a whole is realized. The shares appears to have favorable possibilities of appreciation over the longer range.

### CHILDS

*I am tempted to dispose of my Childs Company stock at 45. It has been a great disappointment to me. I purchased 50 shares at 70 in 1925, and have never had an opportunity to get out at a profit. Do you believe the proposed meeting regarding management and operation will help matters?—K. L. B., San Diego, Calif.*

During recent years Childs Co. has been embarked on a program of expansion which has involved the opening of a number of restaurants of a higher class than the majority of its chain, which represents a departure from the operating policies followed in previous years when operating results were comparatively much more satisfactory. While sales registered an appreciable gain in 1927 over 1926 profits, excluding profit from sale of leasehold, were equal to only \$2.21 a common share in the later year against \$3.83 a share the year before. Both sales and earnings have undergone recession in the current year to date, results in the first quarter showing only \$1.13 a share on the 7% preferred stock, thus leaving nothing for the common. The increasing interest in the company's affairs manifested by shareholders in the recent past might conceivably bring about some change in the management's policies, and the recent sale of an interest in the new Savoy-Plaza Hotel in New York might indicate that this change is at hand. Meantime, the company is one of the largest and oldest established organizations in its field, enjoys a sound financial position, and seems likely to eventually work out of present difficulties. Pending a definite reversal in trend of profits dividends at the current annual rate of \$2.40 a share cannot be regarded as resting on a wholly sound foundation, but present prices seem to give ample recognition to the worst aspects of the situation, and we believe that where patience is employed and temporary fluctuations ignored, the results achieved should warrant retention.

### BURNS BROTHERS

*Would you recommend a moderate commitment in both Burns Bros. Class "A" and "B"? I understand the earnings of the company have shown a wonderful improvement during the first quarter. What are the prospects for the remainder of the year?—B. P. A., Jersey City, N. J.*

As a result of operations in the full 1927 year, earnings of Burns Bros. were equal to only \$8.14 a class "A" (Please turn to page 506)

JULY 14, 1928



## Present Bond Market Favors Investors

**W**HILE the recent decline in the stock market should have little effect on the long-time trends of interest rates and bond prices, the bond market has moved downward temporarily in sympathy. Current prices on high grade issues offer, in our judgment, a real buying opportunity for investors.

Interest rates in most parts of the world are now lower than they have been at any time since the world war. The urgent demands of most foreign borrowers have been met, and many countries which heretofore have drawn heavily on outside money markets are becoming able to meet their own capital needs. Unless industrial development in the United States proceeds at a pace much more rapid than now seems possible and hence creates unlooked for demands for new capital, it appears likely that the accumulating surpluses of American investors will be offered for long term employment at lowering interest rates for some time to come.

Regardless of whether or not current readjustments in security markets carry bond prices temporarily to lower levels than now prevail, the bond buyer who purchases sound long term issues at present levels will, we believe, always be able to look back on his investment with real satisfaction.

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# New York Stock Exchange

## RAILS

	Pre-War Period		War Period		Post-War Period		1928		Last Sale 7/3/28	Div'd \$ Per Share	
	1909-1913		1914-1918		1919-1927						
	High	Low	High	Low	High	Low	High	Low			
Atchafalpa	125%	90%	111%	70	200	91%	197%	183%	188%	10	
Do Pfd.	106%	96	102%	75	106%	72	108%	102%	104%	5	
Atlantic Coast Line	148%	103%	126	79%	268	77	191%	164	168	4	
Baltimore & Ohio	122%	90%	96	88%	125	27%	119%	103%	108%	4	
Do Pfd.	96	77%	80	48%	83	38%	55	79	80	4	
B'klyn-Man. Transit	..	..	..	..	77%	91%	77%	53%	66	4	
Do Pfd.	..	..	..	..	89%	31%	95%	82	86%	6	
Canadian Pacific	283	165	220%	126	219	101	223%	196%	206	10	
Chesapeake & Ohio	92	51%	71	35%	218%	46	205%	175%	182%	10	
C. M. & St. Paul	165%	96%	107%	35	52%	3%	40%	22%	34%	..	
Do Pfd.	181	130%	143	62%	76	7	51%	37	46%	..	
Chi. & Northwestern	198%	123	136%	35	105	45%	94%	78	81%	4	
Chicago, R. I. & Pacific	..	..	45%	16	116	19%	122%	106	114	7	
Do 7% Pfd.	..	..	94%	44	111%	64	111%	106%	108	7	
Do 6% Pfd.	..	..	80	35%	104	54	105	100	101%	6	
Delaware & Hudson	200	147%	159%	87	230	83%	228	163%	190	9	
Delaware, Lack. & W.	340	192%	242	160	260%	93	150	129	134%	36	
Erie	61%	33%	59%	18%	69%	7	66%	48%	53%	..	
Do 1st Pfd.	49%	26%	84%	15%	66%	11%	63%	50	53%	..	
Do 2nd Pfd.	89%	19%	45%	13%	64%	7%	62	49%	76%	..	
Great Northern Pfd.	107%	115%	134%	79%	103%	50%	109	98%	96%	5	
Hudson & Manhattan	..	..	..	..	65%	26%	73%	51	60	2%	
Illinois Central	168%	103%	115	85%	139%	80%	148%	131%	136	7	
Interborough Rap. Transit	..	..	..	..	53%	9%	59	25	..	..	
Kansas City Southern	50%	21%	35%	13%	70%	13%	63%	43	48	..	
Do Pfd.	75%	56	65%	40	73%	40	77	70	76%	..	
Lehigh Valley	121%	82%	87%	50%	137%	39%	116	84%	101	3%	
Louisville & Nashville	170	121	141%	103	159%	84%	159%	142%	145	7	
Mo., Kansas & Texas	*51%	*17%	*24	*8%	56%	*3	41%	30%	35%	..	
Do Pfd.	*78%	*48	*60	*6%	109%	*8	109	101%	103%	7	
Missouri Pacific	*77%	*21%	36%	19%	62	8%	69%	41%	63%	..	
Do Pfd.	147%	90%	114%	67%	118%	22%	123%	106	118%	..	
N. Y. Central	109%	90	90%	55	204%	23%	191%	156	171%	8	
N. Y., Chi. & St. Louis	174%	65%	89	21%	63%	9%	68%	54	58	1	
N. Y., N. H. & Hartford	55%	25%	35	17	41%	14%	30	24	27%	..	
N. Y., Ontario & W.	119%	84%	147%	92%	202	84%	197	175	177%	2%	
Norfolk & Western	180%	101%	118%	75	102%	47%	105%	92%	96%	5	
Northern Pacific	75%	53	61%	40%	68	32%	72%	61	65	3%	
Pennsylvania	*36%	*15	38%	9%	140%	12%	146	124%	130	..	
Pere Marquette	..	..	40%	17%	174	21%	161	121%	113%	6	
Pittsburgh & W. Va.	89%	59	115%	60%	123%	51%	119%	94%	101%	4	
Reading	46%	41%	46	34	61	32%	46	42%	44%	3	
Do 1st Pfd.	58%	48	62	33%	*68	32%	59%	44	49	3	
Do 2nd Pfd.	*74	*13	50%	21	117%	10%	123	109	112%	27	
St. Louis-San Fran.	40%	18%	32%	11	93	10%	91%	67%	87%	..	
St. Louis-Southwestern	27%	13%	22%	7	54%	2%	30%	11%	15%	..	
Seaboard Air Line	56%	23%	58	15%	51%	3	38	19%	20%	..	
Do Pfd.	139%	83	110	75%	126%	67%	131%	117%	121%	6	
Southern Pacific	34	18	36%	12%	149	24%	165%	139%	143%	8	
Southern Railway	Do Pfd.	86%	43	85%	42	101%	49	102%	98%	100	5
Texas & Pacific	40%	10%	29%	8%	103%	14	169%	99%	168	5	
Union Pacific	219	137%	164%	101%	197%	110	204%	186%	194%	10	
Do Pfd.	118%	79%	86	69	85%	6%	87%	53	86	4	
Wabash	*27%	*2	36	7	7	6	96%	51	72%	..	
Do Pfd. A	*61%	*6%	60%	30%	101	17	108	88%	99	5	
Do Pfd. B	..	..	32%	18	98	12%	99%	87	90	..	
Western Maryland	*56	*40	23	9%	67%	8	54%	31%	41	..	
Do 2nd Pfd.	*83%	*53%	*58	20	67%	11	54%	33%	140%	..	
Western Pacific	..	..	25%	11	47%	12	37%	28%	30	..	
Do Pfd.	..	..	64	35	86%	51%	62%	54%	75%	..	
Wheeling & Lake Erie	*12%	*2%	27%	8	130	6	80	67	76%	..	

## INDUSTRIALS

	Pre-War Period		War Period		Post-War Period		1928		Last Sale 7/3/28	Div'd \$ Per Share
	1909-1913		1914-1918		1919-1927					
	High	Low	High	Low	High	Low	High	Low		
Adams Express .....	270	90	154%	42	210	22	378	195	312	8
Ajax Rubber .....	..	..	89%	45%	113	4 1/4	14%	7 1/2	8 1/4	..
Allied Chem. & Dye.....	..	..	..	..	169%	34	132%	146	172%	6
Do Pfd. ....	..	..	..	..	124	83	125%	120%	120%	7
Allis-Chalmers Mfg. ....	10	7 1/2	49%	6	118%	26%	129%	115 1/2	123	6
Am. Agric. Chem. ....	63%	33 1/2	106	47%	113%	7 1/2	23 1/2	15%	19%	..
Do Pfd. ....	105	90	103%	89%	103	18	75	55%	67 1/2	..
Am. Beet Sugar .....	77	19 1/2	108 1/2	19	103%	15 1/2	19%	14 1/2	115 1/2	..
Am. Bosch Magneto .....	..	..	..	..	143%	13	41	15%	33%	..
Am. Can .....	47 1/2	6 1/2	63%	19 1/2	*344 1/2	*21 1/2	95%	70%	69%	2
Do Pfd. ....	129 1/2	98	114 1/2	80	141 1/2	72	147	136 1/2	142 1/2	7
Am. Car & Foundry .....	76 1/2	36 1/2	98	40	*201	97 1/2	111 1/2	90 1/2	96	6
Do Pfd. ....	124 1/2	107 1/2	119 1/2	100	134 1/2	105 1/2	137 1/2	125	126	7
Am. Express .....	300	94 1/2	140%	77 1/2	183	76%	207%	169	185	6
Am. Hide & Leather .....	10	3	22 1/2	2 1/2	43 1/2	5	15%	10 1/2	11	..
Do Pfd. ....	51 1/2	15 1/2	94%	10	122%	29 1/2	67%	40	43 1/2	..
Am. Ice .....	..	..	49	8%	*139	25%	41 1/2	28	39	2
Am. International .....	..	..	62%	12	132 1/2	17	125	71	103	7
Am. Linsseed Pfd. ....	47 1/2	20	92	24	113	4%	130%	86 1/2	112 1/2	8
Am. Locomotive .....	74 1/2	19	98 1/2	46%	144%	58	115	87 1/2	97 1/2	7
Do Pfd. ....	122	75	109	93	127	96 1/2	134	114	122	7
Am. Metal .....	..	..	..	..	67%	36 1/2	51	39	48	3
Am. Radiator .....	*500	*200	*445	*235	*345	64	182 1/2	130 1/2	139	5
Am. Safety Razor .....	..	..	..	..	76%	3%	68%	56	63	3 1/4
Am. Ship & Commerce .....	..	..	..	..	47 1/2	2 1/2	6 1/2	3%	14%	..
Am. Smelt. & Ref. ....	105 1/2	56 1/2	123 1/2	50 1/2	188 1/2	29 1/2	303 1/2	169	192 1/2	8
Do Pfd. ....	74 1/2	24 1/2	95	44	133	18	142	131	135	3
Am. Steel Foundries .....	116 1/2	98 1/2	118 1/2	97	123 1/2	41 1/2	70 1/2	50 1/2	54 1/2	7
Do Pfd. ....	..	..	..	..	115	78	115	109	110 1/2	..

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# Price Range of Active Stocks

## INDUSTRIALS—Continued

Div'd \$ Per Share		Pre-War Period		War Period		Post-War Period		1928		Last Sale 7/3/28	Div'd \$ Per Share
		1909-1913		1914-1918		1919-1927					
		High	Low	High	Low	High	Low	High	Low		
10	Am. Sugar Refining .....	136%	99%	126%	89%	143%	36	78%	55	71%	..
27	Do Pfd. ....	133%	110	123%	106	119	67%	110%	100	108	7
6	Am. Tel. & Tel. ....	153%	101	134%	90%	185%	92%	211	173%	177%	9
4	Am. Tobacco .....	*530	*200	*256	*123	*314%	82%	176	152	154	8
4	Do Com. B. ....	..	..	..	..	*210	81%	177	152	155	8
6	Am. Water Works & Elec. ....	..	..	..	..	*144	*4	70%	52	58%	11
10	Am. Woolen .....	40%	15	60%	12	169%	16%	24%	18%	19%	..
10	Do Pfd. ....	107%	74	102	72%	111%	46%	62%	46%	47%	..
4	Anaconda Copper .....	54%	27%	105%	24%	77%	28%	74%	53%	68%	4
4	Associated Dry Goods .....	..	..	28	10	140%	39%	40%	40%	41%	2 1/2
4	Do 1st Pfd. ....	..	..	75	50%	112	49%	113%	103	104	6
6	Do 2nd Pfd. ....	..	..	49%	35	114	38	119%	110	112%	7
7	Atl. Gulf & W. Indies. ....	13	5	147%	4%	192%	9%	59%	37%	51%	..
6	Do Pfd. ....	32	10	72%	9%	76%	6%	87%	38	56%	3
9	Atlantic Refining .....	..	..	..	..	*157%	78%	141%	95%	140%	4
26	Austin Nichols .....	..	..	..	..	40%	4%	9%	4	75%	..
..	Do Pfd. ....	..	..	..	..	95	23%	39	26	128%	..
..	Baldwin Locomotive .....	60%	36%	154%	26%	265%	62%	285	235	240	7
..	Do Pfd. ....	107%	100%	114	90	125%	92	124%	118	115	7
5	Bethlehem Steel .....	*51%	*18%	155%	59%	112	37	69%	61%	56%	..
2 1/2	Do 7% Pfd. ....	80	47	186	68	108	78	125	116%	116%	7
7	Brooklyn Edison Electric .....	134	123	131	87	225	82	268%	206%	248%	5
7	Brooklyn Union Gas .....	164%	118	138%	78	157%	41	159%	139	146	8
..	Burns Brothers .....	45	41	161%	50	147	76	125%	93%	112	8
4	Do B. ....	..	..	..	..	53	18%	43%	15%	27	..
3 1/2	Butte & Superior .....	..	..	105%	12%	37%	6%	16%	9	11%	2
7	California Packing .....	..	..	50	30	*179%	48%	79%	68%	71	4
7	California Petroleum .....	72%	16	42%	8	*71%	15%	32%	24	129%	1
..	Cerro de Pasco Copper .....	..	..	55	25	73%	23	79	61%	78%	5
..	Chile Copper .....	..	..	39%	11%	44%	7	45%	37%	45%	2 1/2
..	Chrysler Corp. ....	..	..	..	..	*253	38%	88%	54%	74%	3
8	Do Pfd. ....	..	..	..	..	116	100%	117	113%	114%	8
..	Coca Cola .....	..	..	..	..	177%	18	177%	127	184%	6
1	Colorado Fuel & Iron .....	53	22%	98%	20%	96%	20	84%	52%	58%	..
..	Columbia Gas & Elec. ....	..	..	54%	14%	*114%	30%	113%	89%	110%	5
2 1/2	Consolidated Gas .....	..	..	..	..	*184%	12%	59%	79%	88	7
3 1/2	Consolidated Cigar .....	..	..	..	..	87%	13%	99%	79%	88	7
..	Consolidated Gas .....	*165%	*114%	*150%	*112%	*145%	56%	170%	119%	182%	5
8	Continental Can .....	..	..	*127	*37%	*131%	34%	114%	80%	99%	5
6	Corn Products Refining .....	26%	7%	50%	7	*160%	21%	82%	64%	72%	2 1/2
..	Do Pfd. ....	98%	61	113%	58%	142%	96	146%	138%	138%	7
2	Crucible Steel .....	19%	6%	109%	12%	*278%	48	93	69%	71%	5
27	Cuba Cane Sugar .....	..	..	76%	24%	59%	4%	7%	5%	5%	..
..	Do Pfd. ....	..	..	100%	77%	87	13%	32%	19	21	..
..	Cuban-American Sugar .....	*58	33	*273	*38	*608	10%	24%	19%	20%	1
..	Cuyamel Fruit .....	..	..	..	..	74%	30	55%	50%	52%	..
6	Davison Chemical .....	..	..	..	..	81%	20%	57%	34%	36%	..
6	Dupont de Nemours .....	..	..	..	..	*360	105	405%	310	374%	10
8	Eastman Kodak .....	*No Sales	*605	*890	*690	70	18%	163	17%	17%	15
5	Electric Storage Battery .....	*64%	*42	*78	*42%	*153	37	84%	69	76	5
5	Edisont-Johnson .....	..	..	..	..	150	44	85	75%	77%	5
10	Do Pfd. ....	..	..	..	..	125	84	125	121%	128	7
4	Fisk Rubber .....	..	..	..	..	55	5%	17%	11%	12%	..
..	Do 1st Pfd. ....	..	..	..	..	116%	38%	91%	79	80	7
5	Fleischmann Co. ....	..	..	..	..	*171%	46%	76%	65	68%	3
5	Foundation Co. ....	..	..	..	..	183%	35%	55%	42	43	..
..	Freepont-Texas .....	..	..	70%	28%	106%	7%	109%	63%	69%	1 1/2
..	General Asphalt .....	42%	16%	39%	14%	160	28	94%	68	75	..
..	General Cigar .....	..	..	..	..	*115%	46	75%	59%	63	4
..	General Electric .....	188%	129%	187%	118	*386%	81	174%	124	132	24
..	General Motors .....	*51%	*25	*850	*74%	*282	*8%	210	130	191%	15
..	Do 7% Pfd. ....	..	..	..	..	125%	125%	127%	123%	126%	7
..	Goodrich (B. F.) Co. ....	86%	15%	80%	19%	96%	17	99%	68%	72	4
..	Do Pfd. ....	109%	73%	116%	79%	111%	62%	115%	109%	110%	7
..	Goodyear T. & R. Pfd. ....	..	..	..	..	72%	5	72%	45%	48%	..
..	Do Pfd. ....	..	..	..	..	99%	92%	99%	92%	93%	7
..	Granby Consolidated .....	78%	28	120	58	80	12	56%	39%	53%	4
..	Great Northern Ore Cfts. ....	88%	25%	50%	22%	52%	13	25	19%	20%	1 1/2
..	Gulf States Steel .....	..	..	58%	104%	175%	25	69	51	58%	..
..	Houston Oil .....	25 1/2	8	56	10	175%	40%	167	119	139	..
..	Hudson Motor Car .....	..	..	..	..	139%	19%	99%	75	83%	5
..	Hupp Motor Car .....	..	..	11	2%	36%	4%	65	29	58%	2
..	Inland Steel .....	..	..	..	..	62%	31%	63	46	55%	2 1/2
..	Inspiration Copper .....	21%	13%	74%	14%	68%	20%	26%	18	29	..
..	Inter. Business Mach. ....	..	..	52%	24	*176%	23%	147%	114	123	5
..	Inter. Combustion Eng. ....	..	..	..	..	69%	19%	79%	45%	60%	2
..	Inter. Harvester .....	..	..	121	104	255%	66%	290	224%	268%	16
..	Inter. Merc. Marine .....	9	2%	50%	8	67%	3%	7%	3%	4%	..
..	Do Pfd. ....	27%	12%	125%	8	128%	18%	14%	44%	37%	..
..	Inter. Nickel .....	*227%	*135	57%	24%	89%	24%	103	73%	95	2
..	Inter. Paper .....	19%	6%	75%	9%	91%	27%	86%	66	73%	2.40
..	Kelly-Springfield Tire .....	..	..	85	36%	164	9	27%	15	18%	..
..	Do 8% Pfd. ....	..	..	101	72	110	33	84	55%	160	..
..	Kennecott Copper .....	..	..	64%	25	90%	14%	95%	80%	90%	5
..	Kinney (G. R.) Co. ....	..	..	..	..	103	19%	52	38	38	..
..	Lima Locomotive .....	..	..	..	..	76%	49	68%	48	51	4
..	Loew's Inc. ....	..	..	..	..	63%	10	77	49%	54%	12
..	Left, Inc. ....	..	..	..	..	28	5	8	5%	5%	..
..	Lorillard (P.) Co. ....	*215%	*150	*239%	*144%	*245	23%	46%	23%	26%	1
..	Lock Trucks .....	..	..	..	..	242	25%	107%	83	94%	6
..	Magma Copper .....	..	..	..	..	58%	26%	56%	43%	52%	3
..	Mallinson & Co. ....	..	..	..	..	45	8	28%	16	19	..
..	Maracaibo Oil Explor. ....	..	..	..	..	37%	12	25%	12%	15%	..
..	Marland Oil .....	..	..	..	..	63%	12%	44%	33	35%	..
..	May Department Stores .....	*88	*65	*97%	*35	*174%	*60	35%	76	78%	4
..	Mexican Seaboard Oil .....	..	..	..	..	34%	3	39	4%	25%	..
..	Miami Copper .....	30%	12%	49%	16%	32%	8	22	17%	20	1 1/2
..	Montgomery Ward .....	..	..	..	..	123%	12	158	117	154	14
..	National Biscuit .....	*161	*96%	*139	*79%	*270	35%	182	160	164%	16
..	National Dairy Prod. ....	..	..	..	..	81%	30%	88%	64%	78%	3
..	National Enam. & Stamp. ....	30%	9	54%	9	89%	18%	37%	23%	30%	..
..	National Lead .....	91	42%	74%	44	*202%	63%	136	116	130%	5
..	N. Y. Air Brake .....	98	45	136	55%	*145%	26%	50%	40	42%	3

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Suggestions  
on Request

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Consult our Statistical Department without obligation. The

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Write for convenient handbook on Trading Methods and Market Letter MG 14.

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JULY 14, 1928

# In the Market Letter this Week

**Observations on  
American Smelting &  
Refining Company**

**Corn Products Refining Co.**

SENT ON REQUEST  
ASK FOR 77-4

Accounts carried on  
conservative margin

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## ROUND LOTS ODD LOTS

Margin Accounts  
accepted on  
conservative basis

Branch Office  
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# New York Stock Exchange Price Range of Active Stocks

## INDUSTRIALS—Continued

	Pre-War Period		War Period		Post-War Period		1928		Last Sale	Div'd 7/3/28	\$ Per Share
	1909-1913 High Low		1914-1918 High Low		1919-1927 High Low		High Low				
N. Y. Dock .....	40% 8	27	9%	70%	15%	64%	48	151%	..	..	..
North American .....	*87% *60	*81	*38%	*119%	17%	78%	58%	70%	\$10%	..	..
Do Pfd. ....	..	..	..	..	55	31%	55%	53%	3	..	..
Packard Motor Car .....	..	..	..	..	62	9%	84%	86%	76%	3	..
Pan.-Am. Pet. & Trans. ....	..	..	70%	35	140%	38%	53%	38%	42%	..	..
Do Class B .....	..	..	..	..	111%	34%	54%	37%	43%	..	..
Paramount-Fam. Players Lasky ..	..	..	..	..	127%	40	131%	111%	127%	8	..
Philadelphia Co. ....	59	37	48%	21%	153%	26%	174%	145	1160	24	..
Phila. & Reading C. & I. ....	..	..	..	..	54%	34%	39%	27%	30%	..	..
Phillips Petroleum .....	..	..	..	..	69%	16	44%	35%	37%	1%	..
Pierce-Arrow .....	..	..	65	25	99	0%	18%	10%	13%	..	..
Do Pfd. ....	..	..	109	88	127%	13%	62%	39%	59%	..	..
Pittsburgh Coal .....	*29%	*10	58%	37%	74%	29	53%	36%	46%	..	..
Postum Co. ....	..	..	..	..	*134	*47	136%	118	138	5	..
Pressed Steel Car .....	56	18%	88	17%	113%	34%	26%	18	22%	..	..
Do Pfd. ....	112	88%	109%	69	106	67	88	73%	78	7	..
Pub. Serv. N. J. ....	..	..	..	..	*98%	*29	66%	41%	56%	2	..
Pullman Company .....	200	149	177	106%	199%	*87%	94	79%	83%	4	..
Punta Alegre Sugar .....	..	..	51	29	120	24%	34%	24%	126	..	..
Pure Oil .....	..	..	143%	81%	61%	16%	27%	19	22%	1/2	..
Radio Corp. of America. ....	..	..	..	..	101	25%	222	85%	185%	..	..
Republic Iron & Steel. ....	49%	15%	96	18	145	40%	69%	49%	53	4	..
Do Pfd. ....	111%	64%	112%	72	106%	74	112	102	1104	7	..
Royal Dutch N. Y. ....	..	..	86	56	123%	40%	55%	44%	155%	1.343	..
Savage Arms .....	..	..	119%	39%	108%	8%	88	60%	78%	4	..
Schults Retail Stores .....	..	..	..	..	*134%	47	67%	49%	55%	3%	..
Sears, Roebuck & Co. ....	*104%	*101	*233	*120	*243	51	113%	82%	112%	2%	..
Shell Trans. & Trading. ....	..	..	..	..	90%	29%	51	39%	50	.97	..
Shell Union Oil .....	..	..	..	..	31%	12%	31	23%	27	1.40	..
Simmons Company .....	..	..	..	..	64%	22	73	55%	58	3	..
Simms Petroleum .....	..	..	..	..	28%	6%	28%	18%	20%	..	..
Sinclair Consol. Oil. ....	..	..	67%	25%	64%	15	39%	17%	23%	..	..
Skelly Oil .....	..	..	..	..	37%	8%	34	25	29%	2	..
Sloss-Sh. Steel & Iron. ....	94%	23	93%	19%	148%	32%	134	102	1100	6	..
Standard Oil of Calif. ....	..	..	..	..	*135	47%	63%	53	57%	2%	..
Standard Oil of N. J. ....	*488	*822	*800	*355	*212	30%	49	37%	44	11	..
Stewart-Warner Speed. ....	..	..	*100%	*43	*181	21	101%	77%	91%	6	..
Stromberg Carburetor .....	..	..	45%	21	118%	29%	74%	44	151%	3	..
Studebaker Company .....	49%	15%	195	20	*151	30%	62%	57	68%	5	..
Do Pfd. ....	98%	64%	119%	70	125	78	127	121%	1128	7	..
Tennessee Cop. & Chem. ....	..	..	81	11	17%	6%	16%	10%	14	1/2	..
Texas Company .....	144	74%	243	112	58	29	66%	50	60	3	..
Texas Gulf Sulphur .....	..	..	..	..	*184	32%	50%	62%	66%	4	..
Tex. & Pac. Coal & Oil. ....	..	..	..	..	*275	12	17%	12%	13%	..	..
Tide Water Oil .....	..	..	225	165	*195	5%	27%	19%	123	.80	..
Timken Roller Bearing. ....	..	..	..	..	142%	28%	134	112%	120%	24	..
Tobacco Products .....	145	100	82%	25	117%	45	118%	97%	103%	7	..
Do Class A .....	..	..	..	..	123%	76	128	113	115%	7	..
Transcontinental Oil .....	..	..	..	..	62%	1%	10%	6%	17%	8	..
Union Oil of Calif. ....	..	..	..	..	88%	33	57	42%	53%	22	..
United Cigar Stores .....	..	..	*127%	*8%	*255	42%	34%	25	26%	2.80	..
United Fruit .....	208%	126%	175	105	*294	96%	146%	131%	135%	24	..
U. S. Cast I. Pipe & F. ....	32	9%	31%	7%	250	10%	300	190%	1240	10	..
Do Pfd. ....	84	40	67%	30	125	38	137	115	1124	7	..
U. S. Indus. Alcohol .....	57%	24	171%	15	167	35%	122%	102%	112%	5	..
U. S. Realty & Imp. ....	87	49%	63%	8	*184%	17	93%	61%	82%	4	..
U. S. Rubber .....	59%	27	80%	44	143%	22%	63%	27	29%	..	..
Do 1st Pfd. ....	123%	98	115%	91	119%	66%	109%	55	58	..	..
U. S. Smelt., Ref. & M'n. ....	59	30%	81%	20	78%	18%	52	39%	38%	2%	..
U. S. Steel .....	94%	41%	136%	38	160%	70%	154	132%	139%	7	..
Do Pfd. ....	131	102%	123	102	141%	104	147%	138%	141	7	..
Utah Copper .....	67%	38	130	45%	162	41%	160	139	1144	6	..
Vanadium Corp. ....	..	..	..	..	97	19%	96	60	73%	3	..
Western Union .....	86%	56	105%	53%	176	76	177%	143	146%	8	..
Westinghouse Air Brake. ....	141	132%	146	95	*196	40	87%	42%	44%	2	..
Westinghouse E. & M. ....	45	24%	74%	32	94%	38%	112	88%	94%	4	..
White Eagle Oil .....	..	..	..	..	34	20	26%	20%	23	1	..
White Motors .....	..	..	60	30	104%	29%	43%	30%	38%	1	..
Willis-Overland .....	*75	*50	*325	15	40%	4%	28%	17%	22%	1.00	..
Do Pfd. ....	..	..	100	69	123%	23	101%	92%	98%	7	..
Wilson & Co. ....	..	..	84%	42	104%	4%	16	11%	13	..	..
Woolworth (F. W.) Co. ....	*177%	*78%	*151	*81%	*345	72%	196%	175%	182	8	..
Worthington Pump .....	..	..	69	23%	117	19	37%	28	31	..	..
Do Pfd. A .....	..	..	100	85%	98%	44	88%	49%	149	..	..
Do Pfd. B .....	..	..	78%	50	81	37	51	41	144	..	..
Youngstown Sh. & Tube. ....	..	..	..	..	100%	59%	106%	83%	86	5	..

† Bid price. ‡ Not including extras. § In stock. \* Old stock.

## A Special Letter

on

# Texas Gulf Sulphur

will be forwarded  
on request

Ask for M.W. 54

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## Your Individual Requirements

must have special attention. Stocks or Bonds, Price, Maturity, and Yield must be considered. A statement of your requirements will enable us to make satisfactory offerings. Our monthly offering letter will also be of assistance to you in selecting investments.

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## Important Dividend Announcements

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate	Amount Declared	Stock Record	Pay- able
\$6 Allied Ch. & D. cm.....	\$1.50	Q	7-11 8-1
2 Amerada Corp.....	0.50	Q	7-16 7-31
2 Amer. Can cm.....	0.50	Q	7-31 8-15
3 Amer. Home Prod.....	0.25	M	7-14 8-1
7 Amer. Shipbldg. pf.....	2.00	Q	7-14 8-1
7 Amer. Shipbldg. pf.....	1.75	Q	7-14 8-1
8 Am. Smelt. & Ref. cm.....	2.00	Q	7-13 8-1
4 Anaconda Copper.....	1.00	Q	7-14 8-20
2.52 Assoc. Dry Gds. cm.....	0.63	Q	7-14 8-1
10 Atch., T. & S. Fe cm.....	2.50	Q	7-27 9-1
6 Balt. & Ohio cm.....	1.50	Q	7-14 9-1
4 Balt. & Ohio pf.....	1.00	Q	7-14 9-1
4 Bon Ami cm. "A".....	1.00	Q	7-14 7-30
6 Chic. Pneu. Tool.....	1.50	Q	7-14 7-26
1.20 Christie Brown.....	0.30	Q	7-16 8-1
3 Chic. Yell. Cab.....	0.35	M	7-20 8-1
1.20 Cities Service cm.....	0.10	M	7-16 8-1
— Cities Service cm.....	1/4%	Ext	7-16 8-1
5 Columbia G. & El. cm.....	1.25	Q	7-20 8-15
6 Columbia G. & El. pf.....	1.50	Q	7-20 8-15
3 Com'wth. Power Corp.....	0.75	Q	7-12 8-1
5 Crucible Steel.....	1.25	Q	7-16 7-31
2 Eaton Axle & Spring.....	0.50	Q	7-14 8-1
1 Elec. Pow. & Lt. cm.....	0.25	Q	7-14 8-1
2.40 Fair, The, cm.....	0.20	M	7-20 8-1
4 Freeport Texas.....	1.00	Q	7-14 8-1
— Freeport Texas.....	0.75	Ext	7-14 8-1
3 Gold Dust.....	0.75	Q	7-17 8-1
2 Hupp Motor.....	0.50	Q	7-14 8-1
8th Hupp Motor.....	2 1/4%	Q	7-14 8-1
1 Ind. Oil & Gas.....	0.25	Q	7-16 7-31
3.60 Liquid Carbonic.....	0.90	Q	7-20 8-1
7 Louis. & Nash. R.R.....	3.50	SA	7-16 8-10
5 Macy, R. H.....	1.25	Q	7-23 8-15
3 Packard Motor.....	0.25	M	7-14 7-31
3 Postum Co.....	0.75	Q	7-16 8-1
4 Pullman, Inc.....	1.00	Q	7-24 8-15
4 Reading Co. cm.....	1.00	Q	7-12 8-9
2 Sears, Roebuck.....	0.69 1/2	Q	7-14 8-1
3.60 Thompson, J. E.....	0.90	M	7-23 8-1
5 U. S. Indus. Alco. cm.....	1.25	Q	7-16 8-1
5 Wabash Ry. pf. "A".....	1.25	Q	7-25 8-24
1.20 Willys-Overland cm.....	0.30	Q	7-18 8-1

## Tobey & Kirk

Established 1873

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## Accounts Carried

on

## Conservative Margin

Weekly

Market Letter

on request

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## Public Utility Industry

All signs point to another record year for the Electric Power and Light Industry.

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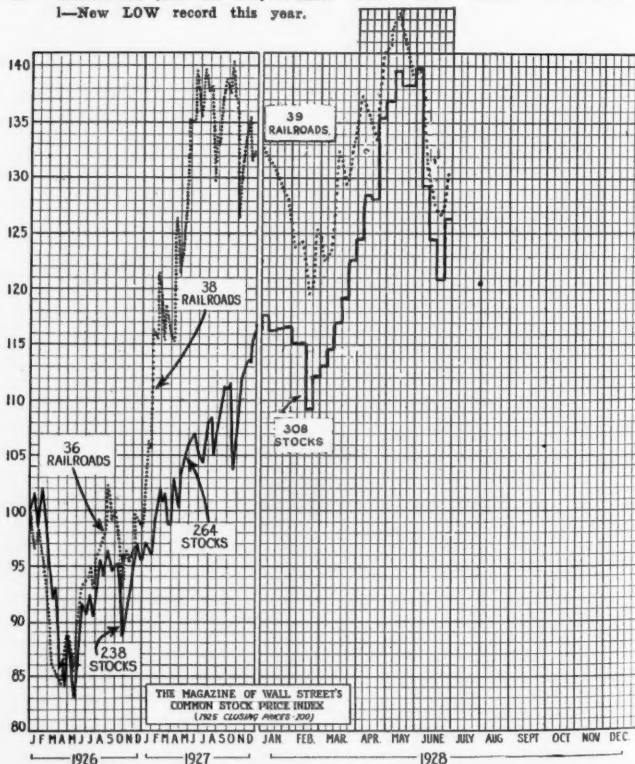
**Gutttag Bros.**

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# **THE MAGAZINE OF WALL STREETS COMMON STOCK PRICE INDEX (1925 Closing Prices = 100)**

Number of Issues in Group	Group	1928 Indexes (308 Issues)		Recent Indexes		1927 Indexes (264 Issues)		
		High	Low	June 23	June 30	Close	High	Low
308	<b>COMBINED AVERAGE</b> .....	139.9	109.2	120.9	126.4	116.3	116.3	95.7
39	<b>Railroads</b> .....	144.6	119.5	126.8	130.2	132.0	140.2	98.5
2	Agricultural Implements .....	358.5	280.5	322.5	356.1	300.0	(Began 1928)	
2	Alcohol .....	177.6	135.1	136.2	147.0	172.1	175.3	82.1
12	Automobile Accessories .....	134.6	86.4	112.4	118.2	91.8	96.8	75.6
17	Automobiles .....	111.2	79.0	92.4	96.3	89.8	89.8	70.1
2	Baking (1926 Cl.—100) .....	76.1	87.9	58.8	58.8	59.4	100.0	53.0
2	Biscuit .....	194.5	169.7	170.5	173.5	187.0	(Began 1928)	
4	Business Machines .....	190.0	153.7	167.2	175.8	159.1	160.2	108.5
2	Cans .....	155.8	117.2	131.4	140.0	119.9	119.9	77.3
4	Chemicals & Dyes .....	190.6	158.5	172.9	173.5	168.1	168.9	132.0
2	Coal .....	108.0	81.8	88.6	88.0	108.0	(Began 1928)	
12	Construction & Bldg. Material .....	111.7	94.4	99.8	102.6	99.5	101.3	78.9
12	Copper .....	199.0	159.8	174.2	182.4	177.8	179.5	105.9
2	Dairy Products .....	132.5	68.1	87.4	97.7	70.4	80.3	59.8
3	Department Stores .....	75.7	62.9	74.1	73.9	68.0	85.0	64.5
7	Drugs & Toilet Articles .....	186.5	157.2	169.0	174.0	162.0	171.2	147.3
5	Electric Apparatus .....	185.1	155.6	130.4	138.2	129.6	129.6	97.6
3	Fertilizers .....	97.5	78.4	81.2	85.2	84.0	85.7	47.0
2	Five and Ten Cent Stores .....	108.8	98.0	99.5	102.7	9'69	9'111	9'901
3	Furniture .....	136.8	111.0	111.0	114.3	127.4	127.4	89.1
5	Household Appliances .....	112.7	91.6	94.7	98.6	97.0	(Began 1928)	
2	Mail Order .....	191.0	147.9	179.8	186.5	149.3	152.3	82.8
4	Marine .....	96.5	66.8	74.1	77.7	74.9	113.4	69.5
5	Motion Pictures .....	146.3	98.3	121.7	126.0	102.9	120.3	96.8
36	Petroleum & Natural Gas .....	148.1	86.1	111.5	121.3	95.8	103.5	86.9
17	Public Utilities .....	173.0	127.9	162.0	158.4	139.5	138.5	93.1
10	Railroad Equipment .....	128.9	113.2	113.2	116.8	128.9	128.9	100.3
2	Restaurants .....	116.4	89.8	109.7	110.5	104.0	(Began 1928)	
2	Shoe & Leather .....	201.4	158.8	201.0	206.5	158.3	152.3	69.8
2	Soft Drinks (1926 Cl.—100) .....	208.1	152.9	194.5	203.0	152.9	(Began 1928)	
11	Steel & Iron .....	110.7	86.3	93.3	97.4	88.7	92.0	74.8
6	Sugar .....	93.7	73.0	78.8	79.2	89.5	112.7	76.9
2	Sulphur .....	386.9	278.0	278.0	291.2	381.7	381.7	166.1
2	Telephone .....	147.6	120.8	129.3	132.0	123.8	127.1	104.6
4	Textiles .....	105.9	78.6	78.6	81.3	79.0	106.5	71.9
7	Tire & Rubber .....	99.6	61.5	62.5	61.5	96.6	97.8	64.4
8	Tobacco .....	196.0	167.8	167.8	171.5	160.3	160.3	159.9
4	Traction .....	180.4	103.8	113.8	119.8	107.6	130.0	107.6
42	Unclassified (1927 Cl.—100) .....	128.5	98.2	109.7	114.7	100.0	(Began 1928)	

—New LOW record this year.



(An unweighted Index of weekly closing prices specially designed for investors. The 1928 Index includes 308 issues, distributed among 38 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments; and reflects all important price movements with a high degree of accuracy. Our method of making annual revisions in the list of stocks included, renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)

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## Associated Gas and Electric Company



61 Broadway, New York

### Dividends

The Board of Directors has declared the following quarterly dividends payable September 1, 1928, to holders of record July 31, 1928:

#### Dividend No. 14

**\$6 Dividend Series Preferred Stock**—  
\$1.50 per share in cash or 3.33/100ths  
of a share of Class A Stock for each  
share of Preferred Stock held.

#### Dividend No. 11

**\$6.50 Dividend Series Preferred Stock**  
\$1.62½ per share in cash or 3.61/100ths  
of a share of Class A Stock for each  
share of Preferred Stock held.

This is equivalent to permitting holders of said Preferred Stocks to apply their cash dividends to the purchase of Class A Stock at the price of approximately \$45 per share as compared with the present market price of about \$48.75 per share. The stock dividend is equivalent to approximately \$6.40 per share per annum for the \$6 Dividend Series and \$6.93 per share per annum for the \$6.50 Dividend Series Preferred Stock.

M. C. O'KEEFE, Secretary.

(Continued from page 499)

share, leaving 14 cents a share for the class "B." The class "A" is entitled to cumulative dividends of \$8 a share annually, and thereafter shares rateably, share for share, with the class "B" in all further distributions. While the poor showing last year was mainly due to special conditions and to the mild winter, it emphasized the general unstable character of the retail coal business and followed a prolonged period of sharply fluctuating earnings caused by anthracite coal strikes. In later years the company has been embarked on a program of physical expansion which has greatly expanded its scope of operations, but through a liberal dividend policy this has been accomplished, to some extent, at the expense of treasury position. However, the recent sale of its holdings of Lehigh & Wilkesbarre Corp. will result in a greatly strengthened financial structure through elimination of bank loans, as well as eventual retirement of all preferred stock, following recent redemption of \$710,000 prior preferred. Earnings in the first five months this year wholly applied to the class "A" stock were equal to \$8.92 a share and, under the participating provisions of the class "A" and class "B," equalled \$6.13 and \$2.80 a share, respectively. While seasonal decline in profits is likely to be witnessed in ensuing months, the class "A" stock seems reasonably priced at present levels, and we believe commitments justified for income and eventual price appreciation. However, pending definite indications of greater stability in future earning power, we would prefer to advise deferring commitments in the class "B" for the present.

### JOHNS-MANVILLE

Within the past month my holdings in Johns-Manville have caused me considerable worry. I have a rather substantial number of shares at an average cost of 126. Why has there been such a rapid decline in the value of this stock? Would you hold for recovery?—N. W. N., Grantwood, N. J.

Johns-Manville Corp. ranks as a leading factor in the production of asbestos and magnesia products, packing, roofing, electric and automotive specialties, felt insulation, and various asbestos building materials. It recently developed a vapor-tight tank top for use in petroleum storage, which is understood to be meeting with favorable demand. The company is at present embarked on an ambitious expansion program, upon completion of which capacity will be substantially expanded, and which may be expected to make important contributions to future income. Capitalization is represented by 75,000 shares of 7% cumulative preferred stock of \$100 par value and 750,000 shares of no par common stock. In former years the shares have been very closely held, but more recently have become more widely distributed, and control is understood to now rest with one of foremost banking houses of the country. Earnings in 1927 were equal to \$4.78 a common share against \$4.34 a share in 1926.

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Fuller information in Folder S.

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Financial position is strong, current assets at the end of 1927 amounting to about 17.8 millions (including cash and equivalent of around 6.2 millions) against current liabilities of 3.5 millions, leaving 14.3 millions net working capital. In view of the company's dominant position in its field, able management, and current and prospective expansion, the long range outlook seems wholly constructive. However, on the basis of developed earning power to date the shares seem quite high enough for the present, and are therefore more attractive for long pull than immediate possibilities.

#### TRANSCONTINENTAL OIL

Last year as a speculation I bought 200 shares of Transcontinental Oil around \$9 a share. Is it true that the Supreme Court of Texas recently filed an opinion favorable to Transcontinental in connection with their lease of the Yates pool? Would you advise holding this stock?—J. L. H., Toledo, Ohio.

On the basis of the company's past record, it is difficult to become enthusiastic about the common stock of the Transcontinental Oil Company. The company is one of the smaller units in the industry and earnings shown in the past provide ample evidence to support a contention that the company is decidedly over-capitalized. In addition to \$15,750,000 preferred stock outstanding on which there are accumulated dividends in excess of 28%, there are 3,742,030 shares of common stock and a funded debt of about \$7,569,000. The financial position of the company could stand some improvement, particularly in the liquidation of a substantial bank debt. In justice to the company, however, it cannot be denied that its joint interest in the Yates areas may ultimately prove to be a source of substantial revenues. The Yates Field has an enormous potential flush production although at this time the lack of adequate pipe line facilities prevents the company from fully developing these properties. The recent decision of the Supreme Court of Texas in favor of the company involving State land litigation has cleared up any uncertainty with regard to the company's leases and if you recognize the fact that the shares can only be regarded as a radical speculation on future potentialities, it might be advisable to retain for the present, with a view to developments at least.

#### STUDEBAKER

What effect do you think the merger with Pierce-Arrow will have on Studebaker stock? I have 25 shares of Studebaker picked up last year at \$5. Would you recommend holding? I have often wondered why the yield should be so high when the \$5 dividend seems secure.—W. N., Trenton, N. J.

In view of the generally unfavorable showing by Pierce Arrow Motor Car Company since the war, it hardly seems likely that the \$2,000,000 investment which will be made by the Studebaker Corporation in the company, will add anything to the profits of the latter enterprise during the immediate future. Studebaker Corporation, how-

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Other Securities .....	22,073,952.02
Loans and Bills Purchased .....	480,875,291.80
Real Estate Bonds and Mortgages .....	1,874,249.25
Items in Transit with Foreign Branches .....	6,589,080.02
Credits Granted on Acceptances .....	69,045,278.44
Real Estate .....	7,302,338.75
Accrued Interest and Accounts Receivable .....	10,489,535.97
	<u>\$912,270,694.30</u>

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Surplus Fund .....	50,000,000.00
Undivided Profits .....	9,231,743.93
	<u>\$99,231,743.93</u>
Accrued Interest, Reserve for Taxes, etc. ....	7,946,939.30
Acceptances .....	69,045,278.44
Deposits .....	\$684,799,110.14
Outstanding Checks .....	51,247,622.49
	<u>736,046,732.63</u>
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ever, has an extensive and well co-ordinated group of sales agencies which should aid Pierce Arrow materially in the distribution of its products and the successful Studebaker management is a factor, the importance of which should not be overlooked. On the whole, therefore, it is quite possible that Studebaker, over a period of time, will find its investment a profitable one. In view of the fact that the company has been successful in covering dividend requirements by a fairly adequate margin under the exceedingly keen competitive conditions which have characterized the automobile industry, the action of the shares marketwise has been rather disappointing. There seems to be no satisfactory explanation of this fact, particularly so as the company's balance sheet presents a picture of financial strength and with earnings in the first quarter of the current year equal to \$2.05 per share considerable weight has been given to the existing belief that the company will not fall far short of covering its full year's dividends in the first six months. It is also important to note that many other representative automobile stocks are selling at levels representing many times their asset value, whereas Studebaker common stock is selling but slightly above its book value of about \$50.25 per share as of December 31, 1927. The management has been very successful in maintaining a high rate of operating efficiency and in spite of some falling off in unit sales during recent years, lower costs have enabled the company to maintain its margin of profit. At prevailing levels the shares yield a very attractive return and, on the whole, we are inclined to feel that existing fundamentals and visible prospects justify retention of present commitments.

### CHICAGO YELLOW CAB

I have been advised to buy Chicago Yellow Cab at about \$32 a share. This stock has been such a slow mover that I hesitate to tie up any money in it. Your reply will help me to decide what to do. I have followed your recommendations very successfully for the past four years.—J. B. Pittsburgh, Pa.

Chicago Yellow Cab Company is engaged in the operation of a fleet of 2,600 taxicabs in Chicago and also controls the Hertz Drivervelf Stations, Inc., which is engaged in renting passenger automobiles in various cities. In view of the specialized nature of the company's business, it is exceedingly difficult to make an accurate estimate of the trend of earnings although admittedly, the company has been successful in reporting fairly stable profits in the past. Last year, however, net income was equal to only \$4.54 per share, compared with \$5.60 per share in 1926, and directors subsequently deemed it advisable to reduce dividends from \$4 per share annually to \$3. Lower rates and increased wages prevented the company from making any improvement in the first quarter of the current year and net income was equal to only \$1.26 per share. Present dividends appear to rest on a reasonably

sound foundation, but all things considered the shares appear to be selling about in line with their actual value and we are inclined to believe there are other stocks which afford more attractive opportunities.

#### INTERNATIONAL PAPER

About a year ago, on your recommendation, I bought 25 shares of International Paper at 45. Now, as you undoubtedly know, this company is offering one share of Class "A" common, one share of Class "B" common, and one share of Class "C" common, for each share of the present common stock. Would you advise making this exchange or accepting the substantial profit that has accrued.—B. L. M., New York, N. Y.

If you are desirous of retaining an equity in a company which bids fair to become one of the most important factors in the Eastern public utility field as well as continuing its position as the largest producer of paper and paper products, we would have no hesitation in advising you to accept the new shares of the International Paper & Power Company in exchange for your holdings of International Paper Company. The formation of the International Paper & Power Company, a Massachusetts voluntary association, is for the purpose of enabling the International Paper Company to acquire control of the New England Power Association, which it could not do under its present charter. It is also felt that the reorganization will facilitate the segregation under the same common ownership of the company's power assets from its pulp and paper interests. Following the contemplated acquisition of the shares of the New England Power Association, the new company will hold approximately 91% of the common stock of a holding company controlling important operating utilities located in Massachusetts, New Hampshire, Vermont and Rhode Island comprising the New England Power System, the whole constituting the largest power system in the New England states. Capitalization of the new company for the present, will be represented by 1 million shares of 7% preferred stock, 20,000 shares of 6% preferred stock, both having a par value of \$100, 5 million shares of class "A" common, 3 million shares of class "B" common and 3 million shares of class "C" common, all of no par value. The new class "A" common shares will pay dividends at the rate of \$2.40 per share annually and when aggregate dividends of \$12 per share have been paid, the class "A" and class "B" common stock will constitute one class and will be entitled to further aggregate dividends of \$12 per share before the class C common stock receives dividends. Thereafter, all classes of common stock will share alike, and be known simply as common shares. As a result of the aforementioned acquisition, 55% of the company's interests will be represented by public utility properties, and 45% by paper, pulp and timber properties and plants. In our opinion, the company faces a promising future and we are confident acceptance of the new shares, with the intention of retaining over a period of



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### BUSH TERMINAL

I notice that Bush Terminal is selling now the low for this year. Do you think the present would be a good time to buy a block of the stock? What is the outlook for a recovery in price in the near future?—A. L. B., Baton Rouge, La.

The combined facilities of the Bush Terminal Company constitute one of the world's largest and most modern terminals and industrial plants. The company's profits are derived from the operation of extensive dock, shipping and warehousing facilities in Brooklyn. Considerable additional income is also derived from office building rentals in New York and London. Capitalization at the present time is represented by 68,900 shares of \$7 debenture stock and 217,009 shares no par common stock. Total funded debt including that of subsidiaries, which is guaranteed by the company, is approximately \$21,000,000. The company reported earnings equal to \$4.41 per share on the present capitalization in 1927 as compared with \$3.75 per share on the same basis in 1926. Earnings have fluctuated to some extent during the past several years, but average results have been fairly satisfactory. Temporary conditions, however, resulted in the decline of approximately 10% in net income in the first quarter of the current year but some improvement is anticipated in the second quarter and it has been reliably stated that profits in the first six months will total approximately \$1.65 per share. Important additions to the company's facilities are expected to find favorable reflection in earnings during the last half of the current year and latest available balance sheets reveal a sound financial position. Common stock constitutes an equity in a well established enterprise, owning properties of unquestionable value and the shares are not without merit. However, at this time, we feel they are primarily attractive for the longer pull and would suggest their purchase only to investors willing to employ something more than an average degree of patience.

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The Next Issue

See Page 529

## SCHULTE RETAIL STORES

(Continued from page 477)

shares held now has increased to 312, worth (at 55) \$15,160. In the meantime cash and common stock dividends of 2% or less have had a cash value of about \$1,800. This showing indicates that the performance of Schulte stock in the past has not been such as to justify the present high yield.

The table accompanying this analysis, since it does not "translate" per share earnings to the basis of the present stock, may be a bit confusing. Actually, the increase in per share earnings, on the basis of the number of shares outstanding at the end of last year, has been very satisfactory, thus:

1921....	\$0.91	1924....	\$3.15
1922....	1.85	1925....	4.81
1923....	2.74	1926....	5.06
1927 .....	\$4.90		

Current assets at the end of 1927 were \$12,141,859, current liabilities \$2,936,040, stock investments (other than in the chain store company) \$13,014,445, and the company had 9,425,000 shares of preferred issued in addition to the 1,116,145 shares of common.

Although frequently lacking active market sponsorship and possessing more speculative qualities than some of the other chain store issues, the common stock at prevailing prices seems one of the more attractive merchandising investments. *For anyone who can exercise a proper amount of patience and likes a good yield through the waiting period, it seems a reasonable purchase.*

## BUSINESS AND THE CAMPAIGN

(Continued from page 455)

place it must be noted that business means more to Hoover in the way of mass economic well being, and more to Smith in the way of average individual prosperity. Smith would get mass prosperity out of individual prosperity, and Hoover would go about it the other way. If a legislative reform promises to make individuals better off, the collapse of the fabric supported by those individuals would mean nothing to Smith. Hoover would hesitate long to destroy an efficient institution in order to relieve its individual elements.

We may expect vigorous efforts from Smith, if elected, to promote social legislation. That may or may not be bad for business, but Smith will regard the business effect as a mere incident. Hoover will promote technical rather than social legislation—an improved weights and measures law, say; instead of a law compelling a better quality of goods. The better quality he will leave to a keener social con-

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be, interested in leading Pacific Coast securities.

### Bank and Public Utility Stocks

	Div. Rate	1928		Last Sale July 5
		High	Low	
Anglo & London Paris Nat. Bank.....	\$10.00	295	225	245
Bancitaly Corporation .....	2.24	220 $\frac{1}{4}$	100	120
Bank of Italy .....	5.24	311 $\frac{1}{4}$	125	200 $\frac{1}{4}$
East Bay Water A. Pfd.....	6.00	99	93	93 $\frac{1}{2}$
Great Western Power Pfd.....	7.00	106 $\frac{1}{2}$	103 $\frac{1}{4}$	105
Los Angeles Gas Pfd.....	6.00	112 $\frac{1}{2}$	105 $\frac{1}{4}$	108
Pacific Telephone & Tel. Pfd.....	6.00	125 $\frac{1}{2}$	113 $\frac{1}{4}$	119 $\frac{1}{2}$
Pacific Gas & Elec.....	2.00	53 $\frac{1}{4}$	43 $\frac{1}{2}$	47 $\frac{1}{2}$

### Industrials and Miscellaneous

Alaska Packers' Assn.....	8.00	160	160	160
California Packing .....	4.00	79 $\frac{1}{4}$	69 $\frac{1}{4}$	71 $\frac{1}{4}$
California Petroleum .....	1.00	31 $\frac{1}{2}$	23 $\frac{1}{2}$	31 $\frac{1}{2}$
Caterpillar Tractor .....	1.40	78 $\frac{1}{2}$	53	65 $\frac{1}{2}$
Firemen's Fund Insurance .....	5.00	127	110	116
Foster & Kleiser (cm) .....	1.00	19	12	13
Hale Brothers .....	2.00	31	25	25
Hawaiian Coml. Sugar .....	3.00	56	46	50
Hawaiian Pineapple .....	1.80	52 $\frac{1}{2}$	41	49 $\frac{1}{2}$
Home Fire & Marine .....	1.60	49 $\frac{1}{4}$	37 $\frac{1}{4}$	39 $\frac{1}{4}$
Honolulu Cons. Oil.....	9.00	43	35	39 $\frac{1}{2}$
Hunt Brothers Packing "A" .....	2.00	28 $\frac{1}{2}$	22	24
Illinois Pacific Glass "A" .....	2.00	62	42	52 $\frac{1}{2}$
North American Oil .....	3.60	43	36	38 $\frac{1}{2}$
Paraffine Common .....	3.00	109 $\frac{1}{4}$	79	86 $\frac{1}{2}$
Richfield Cons. Oil .....	1.00	52	23 $\frac{1}{4}$	46
Schlesinger A. Common .....	1.50	27 $\frac{1}{2}$	20	20 $\frac{1}{2}$
Shell Union Oil .....	1.40	29 $\frac{1}{2}$	24	26 $\frac{1}{2}$
Southern Pacific .....	6.00	128 $\frac{1}{2}$	118 $\frac{1}{4}$	120
Sperry Flour Common .....	...	85	60 $\frac{1}{4}$	72
Spring Valley Water .....	6.00	120	98 $\frac{1}{4}$	99
Standard Oil of Calif.....	2.50	63 $\frac{1}{2}$	53	58
Union Oil Associates .....	1.99	87 $\frac{1}{4}$	41 $\frac{1}{4}$	53 $\frac{1}{4}$
Union Oil of California.....	2.00	87 $\frac{1}{4}$	42 $\frac{1}{2}$	52
Yellow & Checker Cab "A" new Stock*.....	4.00	58 $\frac{1}{2}$	51	51 $\frac{1}{2}$
Zellerbach Corporation dep. cts.....	2.00	49 $\frac{1}{2}$	34	41

\* Par raised from \$10 to \$50.

sciousness, which he will seek to bring  
about by private initiative stimulated  
by publicity.

Where Smith would have a minimum  
wages law, Hoover would use the in-  
fluence of his office to create a mini-  
mum wage conscience among em-  
ployers. Hoover would shrink from  
further anti-trust legislation as likely  
to wreck the delicate fabric of business  
that has apparently resulted in a higher  
degree of economic well being in  
America than elsewhere in the world.  
Smith would support anti-trust legis-  
lation and take a chance on injury to  
the business machine, being confident  
that it is the American human rather  
than the instrumentality that has made  
America what it is.

However different as their ap-  
proaches are to public problems and  
affairs, both men are highly practical.  
Neither has the faintest idea that  
revolution can do the work of evolution.  
Both are for making haste slowly.  
Both are Americans, though of such  
contrasting types; both are intense  
patriots—Smith because he has had  
none other than the American environ-

ment, Hoover because he has had so  
much of the foreign.

Aside from the mental and moral  
patterns of the two men who may be  
president, the victorious one will affect  
business quite as much by the manner  
of his acts and policies as by their  
nature. Here we find a great degree  
of likeness. Both men are thoroughly  
business like. Both have a record of  
regarding public business as being  
business and not something else. Both  
are prompt to decide and clear-cut in  
their decisions; both have an admir-  
able faculty for marshaling convincing  
reasons for their courses. A Hoover  
administration might and probably  
would be more of a pro-business ad-  
ministration than a Smith administra-  
tion but either would be an administra-  
tion by business. Public fiscal policies  
will be sound under either man, and  
financial administration correct; and  
both, though from different impulses,  
have a pronounced leaning toward the  
direction of the vast expenditures and  
financial operations of the Federal gov-  
ernment in such a manner as to con-  
tribute to the stabilization of business.

Smith would act from a generous desire to reduce the human misery consequent upon fluctuations in business activity; Hoover because he instinctively abhors an uncontrolled business flood as much as he does a wild river.

Hoover will be a little better for big business (which, by the way, dislikes him because it has no wonders or mysteries for him and he looks at it level-eyed) and Smith will be a little more inclined to help the business atoms.

If you, business atom reading this, think that direct aid will do more for you than the promotion of the business fabric of which you are a part, you will vote for Smith; if you think that strengthening and renovating the structure will mean more for you than a personal helping hand, you will vote for Hoover. And either way, you will not make much of a mistake—from a business point of view. The next administration need not worry you as a business man or as a business unit or a business atom.

## HOME OWNERSHIP, A START TO FINANCIAL INDEPENDENCE

(Continued from page 485)

I, I refuse to let that worry me, however, until somebody devises a plan whereby a man can escape the cost of living altogether. I expect to pay something for a roof over my head and certainly I have yet to hear of a landlord considerate enough of his tenants to pay interest on the monthly rent.

The man who is seriously debating between buying a home and renting one can be sure of one thing. The argument that home ownership has no advantages over renting will not stand very close examination without disclosing a Senegambian in the woodpile. The fellow who tries to make you believe that you can invest \$5,000 or \$10,000 in something that will pay larger dividends than a home, may have a sound and convincing argument but his hypothesis is all wrong, because it does not consider the intangible benefits of home-ownership.

The average home owner does not have \$5,000 or \$10,000 until his home is paid for. His capital consists of a small initial payment. The balance he accumulates as he goes along out of his monthly payments, which in most cases are no greater than the rent he would be required to pay for an equally desirable place to live.

Viewed from the standpoint of results, it requires no Solomon to determine the better course. The buyer of a home, at the end of ten years let us say, has a home. The renter, paying out an equivalent monthly sum, has a collection of receipts.

Which would you rather have? Answer that question and you can decide right now whether you want to buy a home or rent one.

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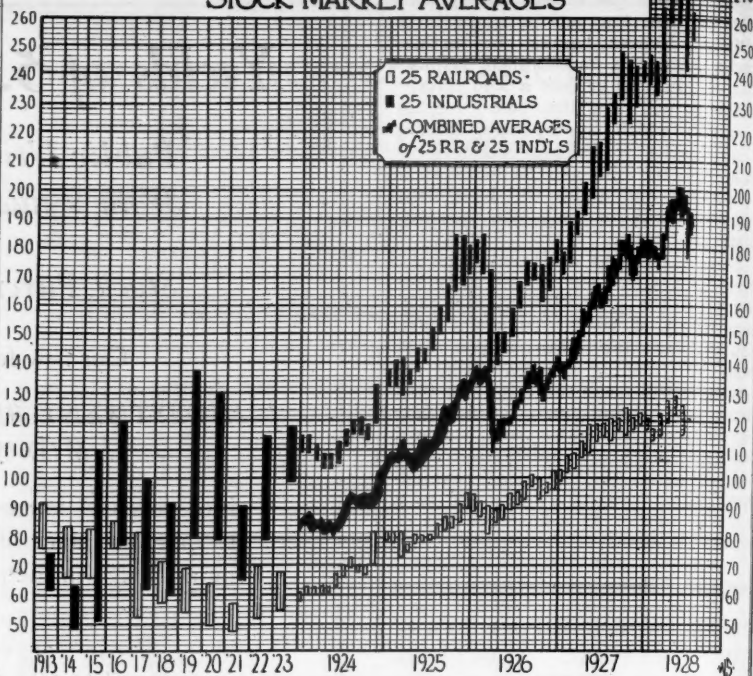
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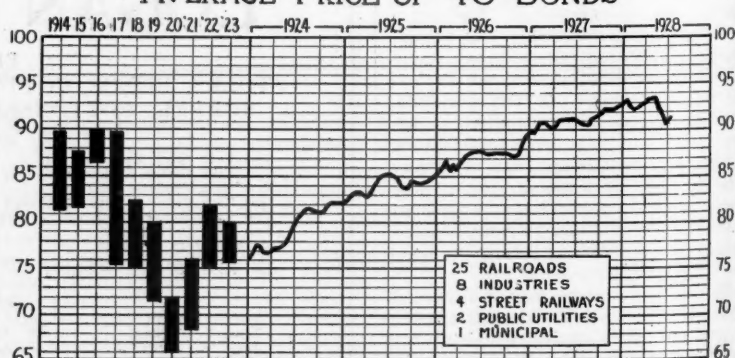
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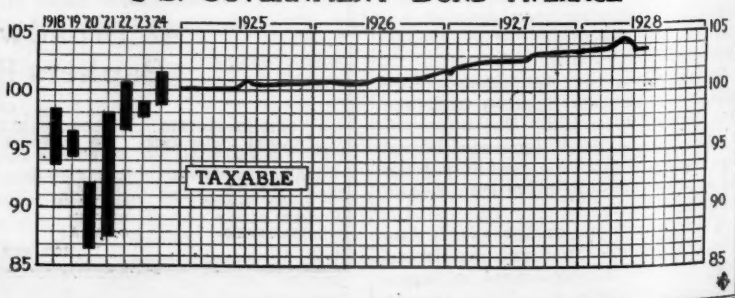
## MARKET STATISTICS

	N. Y. Times 40 Bonds	Dow, Jones Aves. 20 Indus.	20 Rails	N. Y. Times 50 Stocks High	Low	Sales
Thursday, June 21.....	90.94	204.15	186.16	183.17	180.66	1,647,300
Friday, June 22.....	91.02	204.25	186.43	183.27	181.61	1,480,300
Saturday, June 23.....	90.83	202.30	185.38	182.58	181.33	667,300
Monday, June 25.....	90.83	203.95	185.99	182.72	181.33	1,064,400
Tuesday, June 26.....	90.83	206.05	186.47	184.48	182.31	1,460,400
Wednesday, June 27.....	90.85	206.43	187.24	186.66	184.20	2,004,700
Thursday, June 28.....	90.92	209.63	187.55	188.40	185.74	1,781,300
Friday, June 29.....	90.92	210.37	188.30	189.89	187.55	2,377,970
Saturday, June 30.....	91.01	210.55	188.21	189.12	188.07	747,970
Monday, July 2.....	91.13	208.21	186.80	188.41	185.61	1,661,510
Tuesday, July 3.....	91.15	211.90	188.45	189.45	186.05	1,799,510
Wednesday, July 4.....						

## AVERAGE PRICE OF 40 BONDS



## U.S. GOVERNMENT BOND AVERAGE



## NEED FOR TARIFF MODIFICATION, BY GOV. A. T. FULLER OF MASSACHUSETTS

(Continued from page 459)

position of the two men they were not so far apart as one would naturally expect they would be. I discovered here in Boston a big public official who, in an interview on the tariff, veered unerringly to a discussion of the biggest problem facing the country today—agricultural relief—and that in this discussion this conservative official, of his own volition, made the proposed remedy appear to me less radical than it ever had before.

And as I sat there and looked at this easy talking man, who spoke almost in monotone—at least with an absence of special emphasis—and realized that he had gained international prominence as one who could not be ruled by popular clamor, in a case where he was convinced of the correctness of his own position, there came to me the thought that no argument that smacked of the specious, be it backed by ever so strong a conservative and highly respectable group of men, could ever swerve him from giving effect to a measure in the inherent qualities of which he firmly believed.

Governor Fuller might never approve of the equalization fee. I don't want anyone to receive from this article the idea that he would. But the plan did not receive from him the scathing denunciation that I had fully anticipated it would, if the subject ever were broached to him. In this respect I had found him more liberal than some of the alleged radicals of the farm belt of the country.

In the opinion of the Governor as I gathered from his statements in the brief time that was allotted to me with him, the policy of the protective tariff was just as necessary to the country as ever. He was a firm protectionist. He believed in it not as a Republican, but as a business man. He felt that any attempt at the overthrow of this policy was an indirect, even if unwitting, attempt to break down the prosperity of the country. But he was by no means committed to tariff schedules as being fixed and perfect. And I wondered if he were in a position to determine national policies if he would consent to the granting of privileges under the tariff to every little individual industry that insisted that it must have such privileges.

For Feature Articles  
to Appear in the Next  
Issue  
See Page 529

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# New York Curb Market

## IMPORTANT ISSUES

Quotations as of July 15

Name and Dividend	1928 Price Range		Recent Price
	High	Low	
Albert Pick Barth w.t.†.....	12½	9	10
Aluminum Co. of Amer.....	197½	120	143
Aluminum pfd. (6).....	110½	105½	108½
Amer. Cigar (8).....	162½	132	145
Amer. Cyanamid "B" (1.60).....	53½	38½	43½
Amer. Cyanamid pfd. (6).....	103	95	101
Amer. Gas Elec. (1)†.....	184	117½	165
American Rayon Products... 24	13	18½	
Amer. Super Power A (1.2)† 56	35	38½	
Assec. Gas Elec. "A" (2½).....	56½	47	48½
Celotex Co. (3).....	68½	49	56
Centrif. Pipe (0.60)*.....	12½	8½	11½
Cities Service New (1.2)†.....	71	54	67½
Cities Service Pfd. (6)†.....	103½	94½	100½
Cons. Gas of Balt. (3).....	92½	67½	80½
Consolidated Laundries (2)* 20½	14½	15½	
Durant Motor†.....	15½	9½	11½
Elect. Bond Share (1)†.....	127½	76	104½
Elect. Investor† (3.50 stk.).....	79½	40½	63½
Fajardo Sugar (10).....	165½	150½	154
Ford Motor of Canada (18).....	698	510	560
General Baking (new)*.....	17	6½	11½
General Baking Pfd. (new)* 86	74½	78½	
Glen Alden Coal (10)†.....	169	151½	153
Gulf Oil (1.5)†.....	143½	101½	130
Happiness Candy Store (50).....	9½	5½	6½
Heca Mining (0.60).....	18	13	14½
Hygrade Food Products.....	45½	28½	38
International Utilities B.....	19½	8½	17½
Land Co. of Florida.....	25	15	18
Lion Oil Refining (2.35)*.....	32½	20	28½
Lone Star Gas (2).....	57	48½	52
Metro Chain Store†.....	66	54	59½

Name and Dividend	1928 Price Range		Recent Price
	High	Low	
Mountain Producers (2.00)†.....	28½	22½	23½
National Fuel Gas (1).....	30½	24½	26½
New Mex. & Arizona Land†.....	11½	8	8
New Jersey Zinc (12).....	260	180½	218½
Nipissing Mining (80c)*.....	5½	3½	4
Northern Ohio Power†.....	32	18	27
Phelps Dodge (6).....	148	117	135
Puget Sound P. & L.†.....	94½	34½	87
Salt Creek Producers (3)†.....	35	27½	27½
Se'ast Pwr. & Lt. (1).....	61	40½	63
Se'ast Pwr. & Lt. Pfd. (4).....	92	84	89
Stutz Motors*.....	19	14½	16½
Tobacco Products Export†.....	4½	3	3½
Transcontinental Air Trans.....	35½	20½	24½
Trans Lux.....	7	2½	3½
Tubize Artif. Silk† (10).....	630	450	500
Tung-Sol "A" (1.80).....	24½	19½	21½
United Electric Coal (3).....	57½	26½	51½
United Gas & Improvem't (4) 150	111½	128½	
U. S. Gypsum (1.60).....	100	70	79½

### STANDARD OIL STOCKS

Name and Dividend	1928 Price Range		Recent Price
	High	Low	
Continental Oil.....	23	16	16½
Humble Oil (1.6)†.....	84½	59½	80½
International Pet. (.75).....	51½	35	38½
Ohio Oil (2.75).....	68½	58½	63½
Prairie Oil & Gas†.....	56	47½	49½
Standard Oil of Ind. (3.5)†.....	88½	70½	75½
Vacuum Oil (3)†.....	57½	72	76½

\* Listed in the regular way.

† Admitted to unlisted trading privileges.

‡ Application made for full listing.

ALTHOUGH the Curb market has been a listless affair during the past fortnight, a substantial recovery was witnessed in a number of issues which were severely depressed in the recent sharp break. The majority of stocks, however, showed no clearly defined trend, some attaining special prominence on the upward swing, while others were freely sold when sentiment veered in the opposite direction. Heavy liquidation has done a great deal to correct over-inflated price levels and the technical position of the market has been greatly improved thereby. But, on the other hand, the abnormalities of the money market are of so varying a nature that traders appear unwilling to make commitments any length into the future, contenting themselves with small profits on day-to-day turnover. Then again uncertainty over the political situation is exercising a restraining influence on speculators and investors alike, with the result that the volume of trading has fallen off considerably.

A reaction such as was witnessed a few weeks ago creates a favorable opportunity to buy stocks which have declined out of all due proportion to their intrinsic value. The discriminating purchaser, while lacking definite assurance as to the immediate trend, may safely enter the market with this intent, knowing that in time confidence in the soundness of fundamental conditions will be borne out by an enhancement in price.

Among the industrials there were few changes of any importance. *Tubize Artificial Silk* continued its rapid recovery, gaining 60 points over the preceding fortnight's close and 110 points from its extreme low. *Aluminum Company of America*, on the other hand, dropped off about 20 points. These volatile issues, on account of their small floating supply, are subject to wide swings and little significance can be attached to spectacular gyrations.

In the public utility group a distinct change for the better was manifest. The steady growth of the industry and the nature of the business make the public utility companies desirable investment media. Several issues staged good advances, among them *American Gas & Electric*, *United Gas Improvement* and *Southeastern Power & Light*. *Puget Sound Power & Light*, persistently recommended by this department at much lower levels, continued its upward surge and established a new high within a fraction of 95.

Oil stocks maintained a generally strong undertone throughout and in the closing week were on an average four or five points higher. *Gulf Oil of Pennsylvania* was a feature, running up ten points to 130. With the oil industry well on the road to recovery, in view of record gasoline consumption and unceasing efforts to keep production within bounds, the outlook for petroleum companies is steadily becoming more favorable, as is the long range prospect for their shares.

## TRADE TENDENCIES

(Continued from page 490)

being currently booked at the mills is on the whole quite satisfactory, with even less than the customary shrinkage in activity.

Producers are making every effort to maintain the price of 1.90c for bars, plates and shapes for third quarter requirements. Heavier specifying against second quarter contracts at the old price of 1.85c is noted, indicating that some buyers are anxious to cover on the tonnage still due them. Other consumers, however, are reluctant to place third quarter business at the higher price, expecting that the weakness in pig iron and semi-finished material will spread to the heavier products. As a result the price situation is as irregular as ever, with the uncertainty continuing to favor buyers. But some determinate action will doubtless be taken soon, as the closing of third quarter contracts will necessitate a definite change in price policy.

The movement of steel into consuming channels is maintained at a steady rate, some of the more important outlets providing sustained and increasing business. The remarkable activity in building is reflected in substantial structural steel awards; and construction projects are so extensive that the outlook for continued large demand for fabricated steel is very encouraging. Automobile production is holding up well for this time of the year and the demand from this industry continues to exercise a weighty influence on the trend of steel consumption. Railroad purchases involving steel, on the other hand, are disappointing, while oil country demands are moving in a similar fashion. Larger commitments are expected from the carriers shortly and the buying is likely to be of substantial volume, since the railroads in the past few months have been replenishing their stock of steel supplies on an unusually small scale. The oil industry is gaining in its fight for recovery and more recently demand for pipe has shown some improvement. Manufacturers of tin plate are receiving substantial orders from can companies, and steel prospects here are especially bright in view of the heavy canning season which is now getting under way.

## TIRES

### Prices Trend Lower

As a sequel to the sharp decline in crude rubber values, following the announcement that Great Britain would abolish the Stevenson restriction plan on November, 1, 1928, an average reduction approximating 10% on all

(Please turn to page 519)

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## AMERICAN TRUSTEE SHARE CORPORATION

165 Broadway - - - New York

# Statistical Record of Business

	Week Ended June 30, '28	Week Ended July 7, '28	Week Ended Year Ago
Volume Stock Exchange Transactions (Shares) .....	9,453,430	8,370,800	7,043,516
Average Price Magazine of Wall Street Index .....	126.4	128.9	105.3
Volume Bond Transactions ..	\$55,146,300	\$48,846,250	\$48,365,300
Average Price 40 Bonds.....	91.01-90.83	91.20-91.03	90.82-90.58
Brokers' Loans (Federal Reserve) .....	†\$4,159,264,000	†\$4,307,076,000	\$3,126,327,000
Comm'l Loans Federal Reserve Member Banks .....	\$8,962,614,000	\$8,951,108,000	\$8,676,913,000
Federal Reserve Ratio .....	68.7	65.4	76.8
Gold Holdings .....	\$2,738,284,000	\$2,692,590,000	\$3,140,957,000
Rediscount Rate, N. Y. ....	4½%	4½%	4%
Debits to Individual Accounts.†	\$14,878,000,000	\$16,312,700,000	\$14,658,142,000
Call Money .....	8%	5½%	4%
Time Money (90 days) .....	5½-6%	5¾%	4½-5½%
Commercial Paper .....	4¾-5%	5%	4-4½%
Acceptances (90 days) .....	4¼-¾%	4¼-¾%	3¾-5½%
Dun's Business Failures .....	423	357	313
Weekly Food Index (Bradst's).	\$3.36	\$3.37	\$3.18
	(May 1)	(June 1)	(June 1)
Wholesale Prices (Bradst's) ..	\$13.43	\$13.19	\$12.42

## Industrial Barometers

	April	May	Year Ago
U. S. Steel Unfilled Tonnage..	3,872,133	3,416,822	3,050,941
Steel Ingot Production .....	4,302,573	4,203,190	4,015,192
Pig Iron Production .....	3,180,900	3,283,861	3,887,370
Pig Iron Furnaces in Blast....	196	198	211
Automobile Production .....	409,948	425,900	404,115
Building Permits (Bradstreet's)	\$273,033,794	\$304,039,693	\$284,698,305
Petroleum Production (bbls.).	72,127,000	**73,476,000	76,275,000
Bituminous Coal Production (net tons) .....	32,188,000	36,624,000	33,336,000
*Copper Production (short tons) .....	69,721	73,729	71,610
Cotton Consumption (bales)..	525,158	577,710	633,024
Spindles active .....	30,965,404	29,060,360	32,905,256
Wool Consumption (lbs.) ....	38,854,522	43,911,051	44,338,043
Railroad Earnings .....	\$70,546,551	\$88,179,013	\$86,007,707
% on Railroad Property invested .....	4.07	4.71	4.70
Car loadings .....	3,738,295	4,006,058	4,108,472

## Foreign Trade

	April	May	Year Ago
Merchandise Exports .....	\$368,000,000	\$423,000,000	\$393,114,000
Merchandise Imports .....	\$345,000,000	\$355,000,000	\$346,199,000
Gold Exports .....	\$96,469,000	\$83,689,000	\$2,510,000
Gold Imports .....	\$5,319,000	\$1,968,000	\$34,210,000

## Distributive Trades

	April	May	Year Ago
Mail Order Sales .....	\$40,099,945	\$40,074,310	\$33,741,540
Chain Store Sales (5 & 10 cent stores) .....	\$115,856,115	\$118,217,130	\$100,773,816
Dept. Store Sales (index number 1923-5=100%) .....	102	107	102

\* U. S. Mines. † June 27. ‡ July 3. \*\* Subject to revision.

## Under Construction

New buildings adding fifty percent to the plant capacity of the Bassick Manufacturing Company (Alemite Division) 2650 N. Crawford Ave., Chicago, will soon be completed. This thriving subsidiary of the Stewart-Warner Speedometer Corporation is establishing new sales records from year to year.

Due to constant diversification and increase in volume of business on present products, the need for other plant extensions among the companies of the Stewart-Warner amalgamation is urgent and receiving serious consideration. Copies of the latest financial reports mailed to any address on application.

### Stewart-Warner Speedometer Cor'n.

1826 Diversey Pkwy., Chicago  
and subsidiaries

The Bassick-Alemite Co.  
The Bassick Mfg. Co.  
The Bassick Co.  
The Stewart Die Casting Cor'n

## TO HOLDERS OF Third Liberty Loan Bonds

The Treasury offers a new 3% per cent. 12-15 year Treasury bond in exchange for Third Liberty Loan Bonds.

The new bonds will bear interest from July 16, 1928. Interest on Third Liberty Loan Bonds surrendered for exchange will be paid in full to September 15, 1928.

Holders should consult their banks at once for further details of this offering.

Third Liberty Loan Bonds mature on September 15, 1928, and will cease to bear interest on that date.

A. W. MELLON,  
Secretary of the Treasury.

Washington, July 5, 1928.

(Continued from page 517)

classes of tires was recently posted by leading manufacturers. This action was long expected and occasions little surprise, as the lowering of price schedules was considered inevitable in view of the drop in crude from a 40 cent level at the beginning of the year to current quotations of 20 cents.

Tire consumption in the first few months of the year showed a substantial gain over the corresponding months in 1927, although in March shipments began to fall off, due no doubt to the investigation in England. Dealers hesitated to stock up in view of the decline in crude rubber and pursued a strictly hand-to-mouth policy in their tire specifications. Manufacturers, on the other hand, refused to cut prices until high-priced inventories had been worked off; and these were large, for the demands of the automobile industry, which was steadily increasing production, necessitated the carrying of heavy stocks to meet requirements. Furthermore, in expectation of sustained volume of business, tire producers continued to add to their inventories during the first quarter at materially higher prices than are now existing. Consequently the cut in prices will be reflected in smaller earnings during the second and third quarters. With the adjustment of inventories, however, to present market values, steady expansion of consumption, which was retarded somewhat by unseasonable weather in May, and the fact that dealers' stocks have declined considerably because of postponed purchases, the outlook for the balance of the year cannot be construed as otherwise than favorable.

Although conditions in crude rubber are currently improved and markets are firmer, the fact remains that after November 1 abundant supplies will be available to take care of demand. Until a proper solution has been worked out for the alignment of production to consumption any definite, sustained recovery of crude rubber prices is remote.

## ELECTRIC POWER & LIGHT

(Continued from page 469)

las, served through Dallas Power & Light Company and Dallas Railway & Terminal Company; Salt Lake City and Ogden, served through Utah Power & Light Company and Utah Light & Traction Company; Little Rock and Pine Bluff, Arkansas, served through Arkansas Power & Light Company; Jackson and Vicksburg, Mississippi, served through Mississippi Power & Light Company and Central Mississippi Power Company; and Boise and Pocatello, Idaho, served through Idaho Power Company.

Electric Bond & Share is by far the largest single stockholder of Electric Power & Light Corporation stocks. Of Electric Power & Light's 1,776,210 outstanding shares of common stock it

## More than a list of bonds

THE Equitable Security List includes several additional features devoted to the interests of bond buyers.

In the July List, some of the issues are presented in outline form. Send for a copy before investing for your business or personal account.

## THE EQUITABLE TRUST COMPANY

OF NEW YORK  
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## CREDIT SERVICE, Inc.

Industrial Banking Institution

We offer these bonds, together with profit-sharing certificates, at \$100, without accrued interest. Denominations \$100, \$500 and \$1,000.

## MARKET

After one year from date of purchase it is our practice to maintain a customer market at 100, less 2% brokerage.

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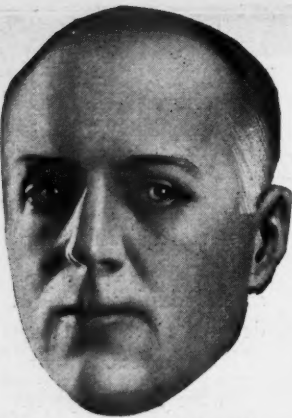
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## "How I Licked Wretched Old Age at 63"

"I banished Foot and Leg Pains . . . Got Rid of Rheumatic Pains and Constipation . . . Improved Embarrassing Health Faults . . . Found Renewed Vitality."

"At 61, I thought I was through. I blamed old age, but it never occurred to me to actually fight back. I was only half-living, . . . embarrassed in my own home . . . constipated . . . constantly tormented by aches and pains. At 62 my condition became almost intolerable. I had about given up hope when a doctor recommended my treatment. Then at 63, it seemed that I shook off 20 years almost overnight."

### Forty—The Danger Age

These are the facts, just as I learned them. In 66% of all men, the vital prostate gland slows up soon after 40. No pain is experienced, but as this distressing condition continues, sciatica, backache, severe bladder weakness, constipation, etc., often develop.

### Prostate Trouble

These are frequently the signs of prostate trouble. Now thousands suffer these handicaps needlessly! For a prominent American Scientist after seven years of research, discovered a new, safe way to stimulate the prostate gland to normal health and activity in many cases. This new hygiene is worthy to be called a notable achievement of the age.

### A National Institution for Men Past 40

Its success has been startling, its growth rapid. This new hygiene is rapidly gaining in national prominence. The institution in Steubenville has now reached large proportions. Scores and even hundreds of letters pour in every day, and in many cases reported results have been little short of amazing. In case after case, men have reported that they have felt ten years younger in six days. Now physicians in every part of the country are using and recommending this treatment. Quick as is the response to this new hygiene, it is actually a pleasant, natural relaxation, involving no drugs, medicine, or electric rays whatever. The scientist explains this discovery and tells why many men are old at forty in a new book now sent free, in 24-page, illustrated form. Send for it. Every man past forty should know the true meaning of these frank facts. No cost or obligation is incurred. But act at once before this free edition is exhausted. Simply fill in your name below, tear off and mail.



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[If you live West of the Rockies, mail your inquiry to]  
The Electro Thermal Co.  
303 Van Nugs Building, Dept. 44-G  
**LOS ANGELES, CALIF.**

THE ELECTRO THERMAL CO.,  
4407 Morris Ave., Steubenville, Ohio.

Name .....  
Address .....  
City ..... State .....

## Bonds Called for Redemption

(S) Guilders—Redemption in U. S. currency.

Company	Rate	Maturity	Amount	Price	Redemption Date
Abitibi Power & Paper, Ltd., gen....	6%	1940	\$3,523,000	105	July, 1938
Aluminum Co. of Amer. deb.....	5%	1952	\$20,000,000	105	Sept., 1938
Amer. Agri. Chemical 1st ref. ser. "A"	7½%	1941	\$2,500,000	103½	Aug., 1938
American Ice 1st r. s. ....	6%	1942	\$5,037,000	102½	Aug., 1938
American Rolling Mills Co.....	6%	1938	All bonds	104½	July, 1938
Argentine Nation internal.....	4½%	1888	\$410,000	100	Sept., 1938
Bankitaly Mortgage 1st r. s. coll.....	5½%	1947	All bonds	103	July, 1938
Beaver Board Coa. notes.....	3%	1933	\$4,362,000	103	July, 1938
Central Public Service Company.....	6¼%	1929	All bonds	101	July, 1938
Caspedes Sugar 1st.....	7½%	1939	\$77,000	108	Sept., 1938
Chic., Burl. & Quincy R. R. eq. nts....	6%	1929-35	\$2,823,000	103	July, 1938
Chic., Mil. & St. P. Ry. 10 yr. 1st sec.	6%	1934	\$14,000,000	102½	July, 1938
Childs, R. E., ser "A" & "B" gold bds.	—	1929-32	V. B.	110	Sept., 1938
Chile (Republic of), ext. 20-year.....	8%	1941	\$24,000,000	110	Aug., 1938
Chile (Republic of) Ry. ref. s. f. ext.	6%	1961	\$230,000	100	July, 1938
Chinese Gov't .....	5%	1932	\$427,000	100	Sept., 1938
Cities Service ref. deb. ....	6%	1936	\$24,545,000	104	Nov., 1938
Comm'th Light & Pow. 1st.....	6%	1947	All bonds	105	Nov., 1938
Consumers Power 1st.....	6%	1934	\$249,000	103	July, 1938
Fisk Tire Fabric 1st 10 yr.....	6¼%	1935	\$41,000	102½	July, 1938
Houston Gulf Gas 1st.....	6%	1931	\$5,700,000	103	July, 1938
Houston Gulf Gas 2 yrs. sec. nts....	6%	1939	\$2,500,000	100	Oct., 1938
Laurentide Pow. gen. s. f. ser. A.....	5½%	1946	\$17,000	101	July, 1938
Lehigh Coal & Nav. cons. ser. A & B.	4½%	1954	\$10,000	105	July, 1938
Liquid Carbonic 1st mtg. cv. s. f.....	6%	1941	\$56,000	105	Aug., 1938
Marconi Wireless Tel., Ltd., deb.....	6½%	1932	All bonds	105	Oct., 1938
N. Y. Central Elec. 1st ser.....	5%	1932	E. S.	105	July, 1938
N. Y., N. H. & H. R. R. eq. nts....	6%	1929-35	\$3,663,000	103	July, 1938
N. Y. Telephone 30-yr. deb.....	6%	1949	\$269,000	110	Aug., 1938
Northern Ont. Lt. & Pow. 1st mte....	6%	1946	\$81,000	101½	July, 1938
Oil Well Sup. Inv. 5-yr. coll. tr. nts...	5½%	1932	\$2,400,000	102	Sept., 1938
Panama (Rep.) ext. ....	5%	1944	All bonds	105	Nov., 1938
Panama (Rep.) ext. sec.....	6½%	1936	All bonds	103	Dec., 1938
Panama (Rep.) ext. ....	6½%	1961	All bonds	103	Dec., 1938
Pan-Amer. Pet. & Iron 10-yr. cv.....	6%	1934	\$452,000	103	Aug., 1938
Paris-Orleans R. R. Company.....	7%	1954	All bonds	103	Sept., 1938
Penn. R. R. eq. tr. ....	6%	1929-35	\$27,288,000	103	July, 1938
Phila. Co. 1st ref. & Coll. tr.....	6%	1944	\$12,035,000	103½	Aug., 1938
Portland, Ore., imp. bds. ....	6%	—	V. B.	N. B.	July, 1938
Rutland R. R. eq. nts. ....	6%	1929-35	\$115,000	103	July, 1938
St. L.-San Fran. Ry. P. L. Ser. D.....	5¼%	1942	\$17,173,000	102½	July, 1938
St. L.-San Fran. Ry. Adl. Ser. A.....	4%	1955	\$40,533,000	100	July, 1938
Schulco Co., Inc., gtd. ....	6¼%	1946	\$12,000	103	July, 1938
Schulco Co., Inc., gtd. "B".....	6¼%	1946	\$14,000	103	July, 1938
Southern Cal. Ed. gen. & Ref.....	5½%	1944	\$10,225,000	105	Aug., 1938
Swift & Co., 1st.....	5%	1944	\$1,000,000	102½	July, 1938
Union Oil of Cal. 1st l. s. f. ser. "A"	5%	1931	\$813,000	102½	July, 1938

V. B.—Various Bonds. E. S.—Entire Series. N. B.—Not stated.

holds 299,501 shares and of the warrants outstanding entitling holders to purchase 762,648 shares of common at \$25 a share it holds sufficient to buy 353,408 shares. Presumably the warrants will be exercised when Electric Power & Light needs additional funds. Electric Bond & Share also holds 41,104 of the 481,886 shares of preferred stock and 9,480 of the 110,741 shares of second preferred stock.

This heavy investment by Electric Bond & Share is assurance of experienced and capable management. This company originally was formed by the General Electric Company to act as a holding and general supervisory company for its heavy investment in many public utility companies throughout the country. Gradually these widely scattered properties have been grouped together as has been done in the case of Electric Power & Light Corporation. Electric Bond & Share derives its income from holdings of stocks and bonds in its affiliated companies as well as from management fees. These fees were no doubt large as far as Electric Power & Light was concerned while the company was being organized and the expansion program carried out. Now that the company is running along pretty much on its own, the manage-

ment fees paid to Electric Bond & Share presumably have considerably shrunk. It stands, however, in the position of technical adviser whenever problems of operation arise.

Monthly report of operating subsidiaries of Electric Power & Light Corporation for April showed a further gain of 3.4% in gross this year over last year.

### Summary

Steady gain which Electric Power & Light Corporation has made in gross and net earnings since its organization three years ago, and especially during the past year when no expansion through absorption of additional properties was effected, gives every indication of continuing. Net earnings have been increased, and promise to be further increased, not only through expanding demand for electricity in the territories served but also through higher operating efficiency which permits a larger percentage of revenues to be saved for net earnings. The placing of the common stock on what is virtually a \$1 annual dividend basis is an expression of confidence by the management, and stockholders may reasonably look forward ultimately to larger returns.

## CAN OUR BUYING POOLS OVERCOME FOREIGN MONOPOLY?

(Continued from page 465)

der the anti-trust statutes. The agency was broken up, but that, very naturally has not completely broken the potential power of the Mexican growers.

In Japan efforts have been made to control the price of silk by appealing to the Government for direct financial aid. Loans have been extended the Imperial Silk Corporation to tide the industry over depressions.

### Nitrate and Potash

The Chile Nitrate Producers' Association embraces all producers of nitrate, with some minor exceptions, that operate in Chile. The Government is a party to the association and names some of its directors. Production has been controlled through allocation of quotas and prices have been fixed. Iodine being a by-product of the nitrate fields, and Chile producing 65% of the entire world production, a virtual control over that product has been exercised likewise.

Approximately 95% of the potash imported by America is from France and Germany. The United States has been taking approximately 25% of the total German output. When France and Germany established cartels and the national cartels joined together for the apportionment of the world's markets, the American supply and prices to American farmers were materially affected. When the joint agency endeavored to establish a sales office in New York, the Department of Justice proceeded against it immediately. The technicalities were obviated by divorcing the American agency from the control of the international cartel in Europe. Instead of being a selling agency it is now a buying agency for American consumers. To offset the effect of the European trust the United States Government has been prospecting for potash fields in the southwest and Congress has been urged to appropriate for research and experimentation.

A strict camphor monopoly was established in Formosa, the source of the great bulk of camphor, early in the eighteenth century. It was revoked in 1868. When Japan acquired Formosa the sale of camphor in 1899 again became a government monopoly, being extended to Japan proper in 1903. Under the terms of the monopoly the production of crude camphor is by license, and the refining of camphor is a state monopoly.

### Sugar Control

And now we come to the latest of the state restrictive efforts, Cuban sugar.

In 1925 the Machado government in Cuba conceived the idea of restricting



## Telephone service, a public trust

*An Advertisement of the  
American Telephone and Telegraph Company*



THE widespread ownership of the Bell Telephone System places an obligation on its management to guard the savings of its hundreds of thousands of stockholders.

Its responsibility for so large a part of the country's telephone service imposes an obligation that the service shall always be adequate, dependable and satisfactory to the user.

The only sound policy that will meet these obligations is to continue to furnish the best possible service at the lowest cost consistent with financial safety.

There is then in the Bell

System no incentive to earn speculative or large profits. Earnings must be sufficient to assure the best possible service and the financial integrity of the business. Anything in excess of these requirements goes toward extending the service or keeping down the rates.

This is fundamental in the policy of the company. The Bell System's ideal is the same as that of the public it serves—the most telephone service and the best, at the least cost to the user. It accepts its responsibility for a nation-wide telephone service as a public trust.

**ELYSÉE**  
60 EAST 54TH STREET  
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**HOTEL  
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ENCHANTINGLY DIFFERENT  
UNDER PERSONAL DIRECTION OF  
**MAX A. HAERING**  
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**COSULICH LINE**

Italian Service De Luxe—Motor All the Way

New M. V. SATURNIA

Marseilles—Naples—Trieste

July 14—Aug. 18—Sept. 22

S. S. PRESIDENTE WILSON

Lisbon—Sicily—Naples—Greece—Venice

Aug. 7—Oct. 2—Nov. 13

Coming! M. V. VULCANIA

(Maiden Voyage)—Jan. 10

PHELPS BROS. & CO., General Agents  
17 Battery Place, New York

**"as nearly  
absolutely  
safe as can  
be"** Report of the U. S. Dept.  
of Commerce and Labor.

**7%**

An ultra-conservative statement from an ultra-conservative source, which recommends Building and Loan Shares to investors. It puts them in the class of the very safest of securities.

### NTBLA Certificates

are issued in any multiple of \$500. Carry certain Federal Income Tax exemption features.

Money withdrawable on 30 days' notice by rule; at once, according to prevailing policy and practice of the Association.

Cash dividends semi-annually.

Secured exclusively by First Mortgages on residential realty. Average loan, 46.7% of valuation.

PREPAID CERTIFICATES, at 7%, compounded semi-annually, double original investment in 10 years and 26 days.

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On Savings

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Cuba's sugar crop through governmental control in the hope that such action would tend to raise the world price of sugar and particularly the price in the United States, where the bulk of the Cuban crop is disposed of, above the price levels which had obtained from, and after, 1924. The prices in 1924 and 1925 were steady at the relatively low range of from 2 1/4 to 2 3/4 cents per pound, cost and freight, New York, 96" raws at the low points.

By 1925, the world production was on a very high scale, due in part to quite favorable weather conditions in producing countries during 1924 and 1925, and to the consequent rapid rehabilitations of the European beet sugar crop, seriously disorganized during the war, and resulting in extraordinary increase of Cuban production, compared with pre-war years. Legislation was accordingly passed by the Cuban Congress, which made the Cuban President a practical dictator of policy and practice in the Cuban sugar industry, so that he might, through official decrees, attempt to regulate the price received by the Cubans for their sugar by restricting production and attempting to bring it into harmony with demand. Under this authority, action was taken by the President to restrict the succeeding crops as follows:

Crop	Estimated potential yield	Authorized production by official decree	Actual outturn
	(Long tons of 2,240 pounds)		
1925-26	5,136,000	4,720,000	4,844,558
1926-27	6,000,000	4,500,000	4,508,531
1927-28	5,000,000	4,000,000	(1)

(1) Crop now grinding.

Production to April 15, 1928, 3,719,052 tons, compared with 4,124,078 tons on April 15, 1927.

In order that Cuban restriction might not be continually offset with increased production elsewhere, Cuban representatives held conferences in Europe last fall (1927) with representatives of the leading European beet sugar producing countries. An international sugar commission was organized with headquarters at Berlin and a tentative agreement reached whereby Germany, Czechoslovakia, Poland, Rumania and Belgium would cooperate with the Cuban restriction program by restricting plantings for their new crop and regulating exportation of stocks on hand. Recent reports on the sowings for European beet sugar crop indicates that this expected cooperation has not as yet materialized.

An even more direct effort to influence prices in the United States is being attempted by the Cuban government in the marketing of the present (1927-28) crop. On January 21, 1928, the Cuban government formally adopted recommendations by its sugar commission that the 1927-28 crop be limited to 4,000,000 long tons and that 3,300,000 tons be allocated for shipment to the United States, the balance of the restricted crop being held for export to other foreign countries. The annual importation of Cuban sugar into the United States during the past five years averaged 3,516,000 tons. It was the hope of the Cubans that by

restricting United States sales to slightly less than the customary quantity, the long desired effect on prices in the United States would be realized to some extent. However, the production increases reported from Europe, Java and in the United States and its possessions has somewhat offset the action of the Cubans and no material price increase has occurred.

The Department of Justice and the Department of Commerce, each have their own ideas of how these monopolies are to be broken up. Efforts to check the nations have not in all instances proved successful. The Brazilian coffee valorization plan and the French-German potash monopoly have been examples of that. But the proceedings initiated under the tariff act, and under the anti-trust statutes indicate clearly what the policy of the Department of Justice is.

The attitude of the Department of Justice cannot be better explained than by quoting from a statement made by Colonel William J. Donovan, Assistant to the Attorney General, who has had charge of anti-trust cases and who has been called upon to give intimate study to the problems presented by the foreign monopolies. Mr. Donovan said:

"The international cartel cannot exist until the domestic markets of the participating countries are sufficiently regulated to enable them to enter into an international agreement involving some form of control. So that domestic monopoly is implied in every international cartel that has any hope of being successful. In this movement the financial control is vested in a holding company which undertakes financial operations for the entire combination.

"The international cartel is an active militant force. It represents a definite economic philosophy. Its development has been one of the outstanding features of post war economy.

"Our laws have been subjected to a severe test in determining whether these cartels, by setting up exclusive agencies in this country financially sustained here, shall be permitted to operate in a manner which is forbidden to our own citizens. Already the extent to which these commercial controls sanctioned or actually promoted in the country of origin can legally function in this country has been challenged in our courts. For the first time the anti-trust provisions of the Wilson tariff act were invoked against a foreign monopoly in a case in which the Government claimed there was a conspiracy to restrict foreign commerce in the importation of sisal fibre into the United States. Under the provisions of the Wilson tariff act every contract between one or more persons, either of whom is engaged in importing an article from a foreign country into the United States, is unlawful when this combination is intended to restrain free competition. In the sisal case, Yucatan had a monopoly on sisal and set up here in this country an exclusive selling agency which controlled the trade in sisal in this country. In that case the Supreme Court by its decision has

# Building & Loan Associations

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New York City

## Florida

### Third Liberty Loan Bonds

Mature Sept. 15, 1928

The U. S. Third Liberty Loan 4 1/4 Bonds mature Sept. 15, 1928, and cease to bear interest thereafter.

Holders of these bonds who desire to convert them promptly into a conservative safe investment, may do so through the Lakeland Building and Loan Association, at current market prices.

We will be glad to supply detailed information for the re-investment of such funds.

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P. O. Drawer 629 Lakeland, Fla.

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Interest to \$300 exempt from Federal income tax. Write for booklet MW

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G. A. McGREGOR, V. Pres. & Secy.

1204 Main St. Dallas, Texas

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Our booklet, "8% and Safety," tells the story of the Orange County Building and Loan Association, located in prosperous Orlando and Orange County, Florida. Assets have grown from \$11,000 to \$3,340,997.81 in six years. \$641,638.78 has been paid in dividends to over 3,000 stockholders. Has always paid 8%, payable semi-annually. Shares offered at par, \$100, without bonus or commission of any kind. Write for booklet.

Orange County  
Building & Loan Association  
Orlando, Florida

## New York

### Protective Savings & Loan Association

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Savings and Loan Associations organized under New York State Law are the safest type of association known. They are listed in Class A, the highest class for safety in the Country.

We issue single installment shares, double installment shares, income shares and savings shares, and invest our funds in first mortgages only.

OUR INCOME SHARES ARE LEGAL INVESTMENTS FOR TRUST FUNDS UNDER THE NEW YORK STATE LAW.

This Association operates under the supervision of the Superintendent of Banks of the State of New York.  
Inquiries invited.

## Oklahoma

### 1927 WAS THE BEST YEAR IN OUR HISTORY

We paid our investors more than \$431,000.00 in semi-annual interest dividends; set aside \$45,000.00 in reserve fund to protect our investors, making this protection fund approximately \$185,000.00 at this time; and closed our books with 27 borrowers out of 2,800 owing us only \$1,176.66 in delinquent interest.

Our Eighteenth Semi-annual Report to investors is ready for distribution giving full details about every department of our business. We shall be glad to send you a copy. Remember! We pay 6 1/2% on full paid investments and 7 1/2% on savings.

Ponca City Building & Loan Co.  
Masonic Bldg., Ponca City, Okla.

Name .....  
Address .....

### 7% With Safety

Our Full Paid Certificates, secured by First Mortgage Notes on improved real estate, pay 7% per annum—dividends payable July 1st and January 1st.

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Authorized Capital \$15,000,000

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## National Cash Credit Ass'n

### New Jersey Cash Credit Corporation

#### Preferred Stock Dividend No. 10

The regular quarterly dividend of 15c per share and an extra dividend of 15c per share and a stock dividend of One Hundredth (1/100th) of one share has been declared on the Preferred Stock of the Corporation, payable July 25, 1928, to stockholders of record July 9, 1928.

OSCAR NELSON, Treasurer.

### New Jersey Cash Credit Corporation

#### Common Stock Dividend No. 10

The regular quarterly dividend of 15c per share and a stock dividend of One Hundredth (1/100th) of one share, payable in preferred stock, has been declared on the Common Stock of the Corporation, payable July 25, 1928, to stockholders of record July 9, 1928.

OSCAR NELSON, Treasurer.

### Connecticut Cash Credit Corporation

#### Preferred Stock Dividend No. 8

The regular quarterly dividend of 15c per share and an extra dividend of 15c per share has been declared on the Preferred Stock of the Corporation, payable July 25, 1928, to stockholders of record July 9, 1928.

OSCAR NELSON, Treasurer.

### Connecticut Cash Credit Corporation

#### Common Stock Dividend No. 8

The regular quarterly dividend of 15c per share has been declared on the Common Stock of the Corporation, payable July 25, 1928, to stockholders of record July 9, 1928.

OSCAR NELSON, Treasurer.

### Pennsylvania Cash Credit Corporation

#### Preferred Stock Dividend No. 6

The regular quarterly dividend of 15c per share and an extra dividend of 15c per share has been declared on the Preferred Stock of the Corporation, payable July 25, 1928, to stockholders of record July 9, 1928.

OSCAR NELSON, Treasurer.

### Pennsylvania Cash Credit Corporation

#### Common Stock Dividend No. 6

The regular quarterly dividend of 15c per share has been declared on the Common Stock of the Corporation, payable July 25, 1928, to stockholders of record July 9, 1928.

OSCAR NELSON, Treasurer.

NOTE: In the case of each Company, stock originally issued after April 25, 1928, will receive a pro rata dividend.



## National Cash Credit Ass'n

### New Jersey Cash Credit Corporation

#### Notice to Preferred and Common Stockholders

July 7, 1928.  
Holders of Preferred and Common Stock of record on August 8, 1928, are hereby offered the right to subscribe to preferred stock at par in the proportion of 1/10 of one share for each share held. Rights expire September 10, 1928.

Warrants together with the circular letter fully describing the offer will be mailed to each stockholder.

OSCAR NELSON, Treasurer.

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sustained the right of the Government to enjoin such a combination, and the effect of the decision may well be to include those who finance a foreign monopoly in its effort to violate our law.

"There is another question presented in these cases of foreign combinations. It arises particularly by reason of the active participation in and control of these industries by governments. There is a case now pending to enjoin violations of the anti-trust laws against certain foreign monopolies. By reason of the fact that these defendants are corporations owned and controlled by a foreign sovereignty it is asserted that these corporations are agents of a sovereign power and are, therefore, immune from prosecution. If this contention be sustained, then we will find the curious situation that the limitations placed upon our own corporations operating in this country shall not be applicable to a corporation which is asserted to be an instrumentality of a foreign government. And once that principle is recognized all foreign corporations will seek that status so that advantage may be taken of this provision of immunity. This situation stresses the difficulty and delicacy of the entire problem of trade and commerce if governments themselves are to be projected into ordinary commercial pursuits. This danger was recognized by the Committee of the House of Representatives on Interstate and Foreign Commerce of the 69th Congress in its report on foreign trade.

#### Position of American Business

In the last session of Congress an effort was made to rush through the scheme proposed by the Secretary of Commerce, Herbert Hoover, which was designed to offset foreign monopolies. Import combines would have been authorized by the measure which the House Judiciary Committee reported favorably, but the House rejected the measure overwhelmingly. The defeat of that bill, however, was largely predicated upon political considerations.

American business, however, has taken cognizance of this situation, and the Chamber of Commerce of the United States formally approved the stand taken by Secretary Hoover by adopting at its recent annual meeting a resolution reading:

"A number of imported raw materials, essential to the welfare of the industry and people of the United States, have come under the domination of foreign monopolies. Where such raw materials or products of nature in a crude or unfinished state are of a character not made, produced, or grown in sufficient quantities within the United States and are, or may be, controlled by any foreign government, combination, or monopoly, legal sanction should be given to the formation of import associations, similar to the export associations under the Webb-Pomerene Act, to permit collective buying of such raw materials, with adequate safeguards to prevent price or supply control in the domestic market."

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If stock market traders understood the advantages derived from the use of PUTS & CALLS, they would familiarize themselves with their operation.

PUTS & CALLS place a buyer of them in position to take advantage of unforeseen happenings.

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#### Dividends and Interest

## Borden's

#### COMMON DIVIDEND NO. 74

A quarterly dividend of \$1.50 per share has been declared on the outstanding common stock of this Company, payable September 1, 1928, to stockholders of record at the close of business August 15, 1928. Checks will be mailed.

#### The Borden Company

WM. P. MARSH, Treasurer.

#### CLUETT, PEABODY & CO., INC.

#### Common Stock Dividend No. 52

The Board of Directors has declared a quarterly dividend of One Dollar and Twenty-five Cents per share on the Common Stock of the Company payable August 1, 1928, to Stockholders of record at the close of business July 21, 1928. Checks will be mailed by the American Exchange Irving Trust Company of New York.

D. A. GILLESPIE, Treasurer.  
Troy, N. Y., July 5, 1928.

#### JULIUS KAYSER & CO.

A dividend of One Dollar and twenty-five cents (\$1.25) per share upon the shares of the no-par-value Common Stock of JULIUS KAYSER & CO., issued and outstanding, has been declared payable August 1, 1928, to the holders of record of such stock at the close of business July 16, 1928.

Dividend checks will be forwarded by Blair & Co., Inc., Agent for the Voting Trustees, with respect to shares held under the Voting Trust, and by Guaranty Trust Company of New York with respect to shares not so held.

CHARLES J. HARDY, Secretary.

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ENGRAVINGS AT ACTUAL COST

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552 West 22nd St., New York City  
SEND FOR BOOKLET OF PAPER AND ENGRAVINGS

### Dividends and Interest

#### Pacific Gas and Electric Company

##### Dividend Notice

##### Common Stock Dividend No. 50

A regular quarterly cash dividend for the three months' period ending June 30, 1928, equal to 2% of its par value (being at the rate of 8% per annum), will be paid upon the Common Capital Stock of this Company by check on July 16, 1928, to shareholders of record at the close of business on June 30, 1928. The Transfer Books will not be closed.

D. H. FOOTE,  
Secretary-Treasurer

San Francisco, California.

#### The Baltimore & Ohio Railroad Co.

##### OFFICE OF THE SECRETARY,

Baltimore, Md., June 27, 1928.

The Board of Directors this day declared, for the three months ending June 30, 1928, from the net profits of the Company, a dividend of one (1) per cent. on the Preferred Stock of the Company.

The Board also declared from the surplus profits of the Company a dividend of one and one-half (1½) per cent. on the Common Stock of the Company.

Both dividends are payable September 1, 1928, to Stockholders of record at the close of business on July 14, 1928.

The transfer books will not close.

C. W. WOOLFORD, Secretary.

#### Independent Oil and Gas Co.

##### Dividend No. 23

The Board of Directors has declared a dividend of Twenty-five (25c) cents per share on the capital stock of this Company, payable July 31, 1928, to stockholders of record at the close of business July 16, 1928.

JOHN E. CURRAN,  
Secretary.

Tulsa, Okla., June 23, 1928.

**MIAMI COPPER COMPANY**  
61 Broadway, New York

June 29, 1928.

##### DIVIDEND NO. 64

The Board of Directors of Miami Copper Company have this day declared a dividend of thirty-seven and one-half cents (37½c) per share for the quarter ending June 30, 1928, on the capital stock of the company, payable August 15, 1928, to stockholders of record at the close of business on August 1, 1928. The transfer books of the company will not close.

SAM A. LEWISOHN,  
Treasurer.

### Dividends and Interest

#### The West Penn Electric Company

##### NOTICE OF DIVIDENDS

The Board of Directors has declared the regular quarterly dividends of one and three-quarters per cent. (1¾%) upon the 7% Cumulative Preferred Stock, and of one and one-half per cent. (1½%) upon the 6% Cumulative Preferred Stock of The West Penn Electric Company, for the quarter ending August 15, 1928, both payable August 15, 1928, to stockholders of record at the close of business on July 20, 1928.

G. E. MURRIE, Secretary.

#### The West Penn Electric Company

##### NOTICE OF DIVIDEND

The Board of Directors has declared a dividend of \$1.75 per share upon the Class A Stock of The West Penn Electric Company, for the quarter ending September 30, 1928, payable on October 1, 1928, to stockholders of record at the close of business on September 15, 1928.

G. E. MURRIE, Secretary.

#### AMERICAN CAR AND FOUNDRY COMPANY

##### STOCKHOLDERS' MEETING

The Stockholders of American Car and Foundry Company are hereby notified that the regular annual meeting of the stockholders of said Company will be held at its office, No. 1 Exchange Place (First National Bank Building), Jersey City, New Jersey, on Thursday, the 12th day of July, 1928, at 12 o'clock noon, for the purpose of selecting a Board of Directors and transacting such other business as may be brought before the meeting.

H. C. WICK, Secretary.

#### AMERICAN TELEPHONE AND TELEGRAPH COMPANY

##### 155th Dividend

The regular quarterly dividend of Two Dollars and Twenty-Five Cents (\$2.25) per share will be paid on Monday, July 16, 1928, to stockholders of record at the close of business on June 20, 1928.

H. BLAIR-SMITH, Treasurer.

#### ALLIED CHEMICAL & DYE CORPORATION

61 Broadway, New York

June 26, 1928.

Allied Chemical & Dye Corporation has declared quarterly dividend No. 30 of One Dollar and Fifty Cents (\$1.50) per share on the Common Stock of the Company, payable August 1, 1928, to common stockholders of record at the close of business July 11, 1928.

V. D. CRISP, Secretary.

### Dividends and Interest

#### AMERICAN WATER WORKS

##### AND ELECTRIC COMPANY

INCORPORATED

(of Delaware)

##### NOTICE OF DIVIDENDS

A quarterly dividend of twenty-five cents (25¢) a share, payable in cash, on the common stock of the Company, has been declared payable August 15, 1928, to common stockholders of record at the close of business on August 1, 1928.

An additional dividend on the common stock, payable in common stock at the rate of 1/40th of one share on each share of such stock outstanding, has been declared payable on August 15, 1928, to common stockholders of record at the close of business on August 1, 1928.

W. K. DUNBAR, Secretary.

#### AMERICAN WATER WORKS

##### AND ELECTRIC COMPANY

INCORPORATED

(of Delaware)

##### NOTICE OF DIVIDEND

A regular quarterly dividend of \$1.50 per share on the \$6 Series, First Preferred Stock of the Company, for the quarter ending September 30, 1928, has been declared payable October 1, 1928, to stockholders of record at the close of business on September 12, 1928.

W. K. DUNBAR, Secretary.

#### West Penn Railways Company

##### NOTICE OF DIVIDEND

The Board of Directors has declared quarterly dividend No. 45 of one and one-half per cent. (1½%) upon the 6% Cumulative Preferred Stock of West Penn Railways Company, for the quarter ending September 15, 1928, payable on September 15, 1928, to stockholders of record at the close of business on August 25, 1928.

G. E. MURRIE, Secretary.

#### INTERNATIONAL PAPER COMPANY

New York, June 26th, 1928.

The Board of Directors have declared a quarterly dividend of sixty (60c) cents a share on the Common Stock of this Company, payable August 15th, 1928, to common stockholders of record at the close of business, August 1st, 1928.

Checks to be mailed. Transfer books will not close.

OWEN SHEPHERD,  
Vice-President and Treasurer.

#### ANACONDA COPPER MINING CO.

25 Broadway

New York, June 26th, 1928.

##### DIVIDEND NUMBER 100.

The Board of Directors of the Anaconda Copper Mining Company has declared a dividend of One Dollar (\$1.00) per share upon its Capital Stock of the par value of \$50 per share, payable August 20th, 1928, to holders of such shares of record at the close of business at 12 o'clock noon on July 14th, 1928.

A. H. MELIN, Secretary.

JULY 14, 1928

525



## Is your system of record writing as quick and efficient as this?

An executive of a prominent New York brokerage firm (name on request) writes as follows concerning his Mani-Fold system of record writing:

"If a customer sitting in a customer's room would ask for a check for \$100.00, and would ask for his statement about 15 minutes later just to glance at it, he would find the item of \$100.00 already posted."

"At the end of a month at 5 o'clock, often before, the cage is in balance, the bookkeeper keeping the customer's account is already posted, and the day's blotter work is done without any great trouble. This does away with the hardship at the end of the month's work and prevents midnight work."

The Mani-Fold method of record writing referred to above was developed for brokerage house usage, and has proved itself a great time and money saver. By simplifying the routine and properly distributing the work this method speeds up production, reduces the clerical force and brings about considerable savings in "overtime" and stationery needs.

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Division United Autographic Register Company  
13344 COIT RD. CLEVELAND, O.



## BOND MARKET REACHES AN IMPORTANT POINT IN ITS CAREER

(Continued from page 471)

commodities, however, are not basing their utterances merely on charts. Several men, for example, have called attention to the enormous current consumer purchasing power diverted into the security markets. If the Federal Reserve Banks stop security speculation more attention will be paid to business expansion for business men have not been cured of their desire for speculative profits, and if they cannot speculate in one field they will do it in another.

Several prominent brokerage houses, in anticipation of boiling commodity markets, are instructing part of their security staffs in the ways of cotton and grain trading. Two bankers in the garment and several in the dry goods district have told the writer that their clients have turned from speculating in bank stocks to speculating in raw cotton.

Money has tightened and appears to be relatively firm for some time to come. Commodities appear to be rising. The balance sheets of numerous corporations show slightly larger inventories than at this time last year. Business men are now taking a greater interest in business expansion and to some extent have quit the stock markets for the commodity markets. What role has the congestion of bonds played in declining quotations of couponed issues?

### Bond Congestion

Bond congestion results from a large amount of unsold new issues and from the inefficient management of security portfolios of banks. New corporate financing in the first half of this year approximated \$4,200,000,000 or double that of the same period in 1923.

The accompanying table shows rails took a slightly larger percentage than in the first half of 1927 and about one-fourth as much proportionately as in 1923. Ratio of industrial financing to the total was the same as in the first half of 1927, but less than in 1923. Utilities proportionately required a trifle less financing thus far this year than they did in the first six months of 1927.

Corporations at the beginning of the year, because of the ease in money, refunded their obligations as much as possible. Some concerns had so much cash on hand that they paid off their bonded indebtedness years before maturity. Bonds called for payment in advance of maturity in the first six months of this year amounted to \$1,121,159,850, the highest in history. This compares with \$648,903,030 in the first half of 1927.

Gain in the volume of new financing was not due so much to demand for

new capital as it was to refunding operations as the accompanying table illustrates.

Refunding operations partially are to blame for the present bond congestion. Corporations seeing their competitors refunding high coupon bearing obligations with lower interest bearing obligations tried to perform the same feat. They were encouraged to refund, wherever possible, by investment bankers. Investors were clamoring for securities and investment bankers tried to fill this demand.

### Refunding Operations

There is no use of mincing words. Many corporations refunded their bonds on a basis far more favorable than the internal improvement in their credit condition warranted. Easy money rates enabled the borrowers to demand more favorable terms than they were entitled to and investors, merely to put their funds in some security, bought such obligations.

These refunding operations later were to play an important role in bond congestion. With investors crying for bonds investment banks competed for available loans. They bid so high that they shaved gross profits too much. Some investment bankers today when asked why they are not making a market for the security they floated a few months ago say neither present money rates nor gross profits on the issue will permit it.

The world-wide scarcity of capital only a few years ago gave the investment banker with distributing facilities immense profits. Seeing these profits, many rushed into the investment banking business with no more qualifications than many today are attempting to manage or organize investment trusts.

These inexperienced investment bankers frequently outbid more experienced firms. The former, however, frequently neglected to include "carrying charges" in gross profits. They are now letting their flotations seek a market level commensurate with present money rates. Some of these younger investment banking corporations in their present role show they have not the true conception of an investment banker. He is no mere promoter. He is a merchandiser of securities standing between the promoter and the security buyer and as such should maintain the market for securities which he offers to the public.

Of 23 security flotations between January 1 and June 1, 1928, only one shows a quotation on the latter date above the price at which it was offered. Four had the same price as the day they were floated, but 19 registered declines ranging from 1 to 6½ points.

A decline of 2½% in bond prices means that for every \$1,000,000,000 of bonds held by banks they show a depreciation of \$25,000,000. The actual amount of the paper loss that banks have on their bond holdings is not yet available. It will show, however, a larger figure than on June 30, 1927 or

1925 or 1923, because banks today hold more bonds than they did on those dates.

What is the outlook for bond prices? For the bond speculator who buys for weeks or months, it is anybody's guess. But for the investor who buys bonds to keep for years and who believes that our tight money is only a temporary phase, then bonds are cheap today.

## KROGER GROCERY & BAKING

(Continued from page 476)

reader to learn that chain stores are doing only 30% of the nation's grocery business. Anyone living in the great centers of population in the East is likely to assume, from casual observation, that the percentage is nearer 75%. The fact is that chain store development in the grocery business still is fairly well concentrated in a few thickly populated areas. In rural communities, and in many smaller cities in the West, Far West and South, the independent grocer still is supreme. As surely as the sparks fly upward and water flows down hill, the chain store is going to invade these strongholds of merchandising methods of a former age. Possibly the next 15 years will see just as great a development in chain stores as has the past 15 years; and everyone who was buying groceries along the Atlantic Seaboard twenty years ago remembers that he did not buy them from the A. & P. or from any other chain store, but from the independent grocer. Indeed twenty years ago the prejudice was with the independent grocer; and now it is emphatically against him.

The company is peculiarly situated by experience and location to take advantage of the opportunities for expansion into a field which is not yet over-stored. The stock, measured by chain store issue standards, although up some 20 points from the year's low, is selling at a fair appraised value on the basis of earnings. It is unique in its class since, through the \$1 cash and 5% stock dividends, it yields over 6%. Being as yet unseasoned, however, purchases should be made with the idea of utilizing any reactions that may occur rather than eagerly bidding for the stock.—J. L. H.

**For Help in Solving  
Your Life Insurance  
Problems  
Consult Our  
Insurance Department**

JULY 14, 1928

# Office Appliance and Equipment Service Department

Because of the tremendous amount of correspondence we handle in connection with our Inquiry Department as well as on account of the attendant minute book-keeping and accounting problems, we had to equip our offices with practically all the outstanding time saving and efficiency increasing devices on the market. As a matter of fact, we are replacing continuously these devices by improved ones as they are being put on the market. We want to give our readers the benefit of our experience and tests covering twenty years and will be glad to answer any requests for information as to how we have conquered the problems that of necessity have arisen in an organization as large as ours. In addition to such information we will arrange to have our readers supplied with literature dealing with the solution of their particular case.

As there is no charge or obligation connected with this service, we shall be glad to have you check the information desired on the coupon below and, ATTACHED TO YOUR BUSINESS LETTERHEAD, mail to O. A. & E. S. Department, c/o The Magazine of Wall Street, 42 Broadway, New York City.

-----Tear Here-----

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| <input type="checkbox"/> Indexing Services.   |   |

July 14.

# THE MAGAZINE OF WALL STREET'S Ratings of Petroleum Securities

(Continued from page 463)

cents, necessitating dividend cut from \$1.50 to 50 cents per annum. Considerable strength fundamentally and duration of present situation is contingent on attainment of greater stability in oil industry

Recent Price	Yield %	Rating
22	2.3	A

**RICHFIELD OIL Co.**—Recent consolidation of several California oil enterprises. Scope of operations prior to and since consolidation has expanded rapidly, and activities embrace all phases of industry. Earning power unusually well maintained during oil depression. Recently acquired control of Pan-American Western Petroleum.

**Convertible 5½s, 1931**—New issue, convertible into common stock at \$62.50 per share. Will probably shortly become only funded debt as 6% bonds, convertible at lower price, are being rapidly retired by conversion. Interest charges consume only moderate fraction of present earnings

100	5.5	B1
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**Preferred Stock (\$1.75)**—7% cumulative preferred, par value of \$25. Part of issue formerly carried common stock purchase warrants, but these have been exercised and preferred now quoted on investment basis. Market on New York Curb. Current earnings provide wide margin for dividends

23	7.6	B1
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**Common Stock (\$1.00)**—Rapid expansion and good earning power under generally adverse conditions has provided impetus for much market activity and strength. Recently declared 1% stock dividend. Stock requires greater seasoning before forming definite opinion of its worth

43	2.3	B1
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**ROYAL DUTCH Co.**—Dominant in the oil industry outside of the United States and largest producer of crude oil. Possessions are located in almost every part of world.

**New York Shares (Dividend Variable)**—Issued against deposit of Ordinary shares of company. Profits affected by adverse conditions in industry, decline in Mexican production, and price war in India over Russian oil, but not sufficiently to impair favorable long range status

56	..	A
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**SHELL UNION OIL CORP.**—Represents Royal Dutch interests in this country. Third largest crude oil producer in United States; also refiner and marketer. Properties in Mid-Continent and California fields. Operations on well established basis.

**Debenture 5s, 1947**—Both issues created last year. Former was means of retiring preferred stock, while latter is subsidiary issue guaranteed as to principal, interest, and sinking fund. No mortgage security but well entrenched.

97	5.2	A
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**Shell Pipe Line Debenture 5s, 1952**

96	5.3	A
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**Common Stock (\$1.40)**—Earnings sharply reduced by unsettlement in industry, but normally are steady. Share earnings \$1.10 last year and 15 cents in first quarter of 1928. Good proportion of production shut in. Under any kind of normal conditions current dividend can be easily covered

27	5.2	A
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**SINCLAIR CONSOLIDATED OIL CORP.**—One of the leading producing and refining organizations in the Mid-Continent and Mountain States' fields with affiliations with the Standard Oil Company of Indiana in pipe line and crude oil purchasing operations. Properties have undergone extensive development in recent years.

**First Lien Collateral Gold 7s, Series "A", 1937**—Three series of collateral trust bonds totalling about 87 million dollars are secured by a pledge of 90 million of subsidiary 7% first mortgage bonds and substantially all of the stock of subsidiary or affiliated companies owned by company. Well protected by asset values but interest earned by rather small margin in unfavorable years

101	6.8	B1
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**First Lien Collateral Gold Series "B" 6½s, 1938**—(See 1st 7s, 1937)

99	6.6	B1
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**First Lien Collateral Gold Series "D" 6s, 1930**—(See 1st 7s, 1937)

98½	6.7	B1
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**Preferred Stock (\$8.00)**—Comparatively small issue, preceded by rather heavy bonded debt, but dividends are currently earned by a generous margin. Callable at 110

109	7.3	B1
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**Common Stock**—Heavy fixed charges and large funded debt hold back per share earnings under present conditions in industry; company well situated from an operating standpoint and should benefit substantially from the 50 million dollars expended on the properties during the past three years

23	..	A
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**SKELLY OIL COMPANY.**—An independent Mid-Continent producer and refiner which has shown rapid growth in recent years. Has greatly expanded gasoline output but lacks adequate marketing facilities, disposing of only about one quarter of its refined output through its own stations.

**Debenture 5½s, due 1939**—Essentially a second grade bond, but amply protected by current earning power and a stiff sinking fund that is operative at present

93	6.4	B1
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**Capital Stock (\$2.00)**—Company not particularly well situated to withstand prolonged depression in the oil industry. Earned 6 cents per share in first 3 months, paying dividends out of surplus

30	6.6	B2
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**STANDARD OIL OF CALIFORNIA.**—One of the largest producers of crude oil in the United States with extensive petroleum reserves in rich California fields, South America and Mexico; recently added to crude supply and pipe line facilities through acquisition of Pacific Oil Company.

**Capital Stock (\$2.50)**—Has established an enviable record for steady earning power, with better than average showing under the trying conditions that prevailed in 1927. Sound investment issue with good prospects for the future

57	4.2	A
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**STANDARD OIL OF INDIANA.**—One of the largest manufacturers of gasoline in the world, with an extensive marketing organ-

# THE MAGAZINE OF WALL STREET'S Ratings of Petroleum Securities

B1

ization covering 11 middle western states outside of the highly competitive Atlantic seaboard territory. Through control of Pan American Oil & Transport and Lago, is assured of a good supply of crude oil for future years.

**Capital Stock (\$3.50)**—Two hundred and thirty million capital stock of \$25 par value, represents the sole capitalization of company. Unappropriated surplus exceeds 175 million dollars suggesting probability of future stock dividends. Cash dividend yields larger return than most Standard Oil issues. Desirable long pull investment stock...

Recent Yield M.W.B.  
Price % Rating

74 4.7 A

**STANDARD OIL OF NEW JERSEY.**—Acknowledged the strongest organization in the petroleum industry, with diversified operations, extensive oil producing, refining and marketing facilities, experienced and capable management and strong financial position.

**Twenty-year debenture 5s, 1946**—An unusually strong industrial bond whose current market price reflects the excellent credit position of the concern. Callable at 103 until 1931 and lower scale of prices thereafter.....

103 4.7 A

**Capital Stock (\$1.12½¢)**—Retirement of practically 200 million preferred (Partly extra).

B1

B1

B1

B1

stock last year, further improved the already strong investment status of this issue. Reasonable expectancy of long range growth in values, compensates for low rate of cash income.....

Recent Yield M.W.B.  
Price % Rating

44 2.5 A

**STANDARD OIL OF NEW YORK.**—Maker of the famous "Socony" petroleum products, with extensive distribution along Atlantic seaboard and export markets. Through Magnolia Petroleum and General Petroleum Company, acquired in 1926, owns extensive crude reserves in the country's leading producing districts.

**Debenture Gold Serial 4½s, due 1929 to 1948**—High grade short term issue, selling in unlisted market at current prices to yield from 4.30 to 4.70 per cent depending on maturity dates.....

(see text) A

**Twenty-five-year debenture 4½s, 1951**—High grade investment selling at a discount due to low coupon rate.....

96 4.8 A

**Capital Stock (\$1.60)**—Strong company with well entrenched international marketing position. Expenditures made in recent years in the development of producing property not fully reflected in current earnings, due to low prevailing prices for crude and refined products .....

35 4.6 A

(Please turn to page 530)

In  
the  
Next  
Issue

## Special Public Utility and Mid-year Reinvestment Number

—a special public utility section comprising almost 40 pages of material devoted to the various vital factors affecting the progress of the utility industry. Of inestimable importance to investors.

—also, the mid-year reinvestment section, offering a list of bonds, preferred stocks and common stocks to those investors who desire to place their mid-year interest and dividend receipts or any other new funds they possess and wish to employ in the securities markets.

# THE MAGAZINE OF WALL STREET'S Ratings of Petroleum Securities

	Recent Price	Yield %	M.W.S. Rating
<b>SUN OIL COMPANY.</b> —Well diversified operations, with three modern refineries in Oklahoma, Ohio and Pennsylvania. In addition to producing acreage has large undeveloped holdings. Leased its sulphur lands this year on cash and royalty basis.			
<b>Fifteen-year Debenture 5½s, 1939</b> —Comparatively small issue, well protected by earnings .....	101	5.4	B1
<b>Preferred Stock (\$6.00)</b> —Average earnings during the past three years better than 6 times dividend requirement on preferred stock. Callable at 115.....	105	5.7	B1
<b>Common Stock (\$1.00)</b> —Company well managed and showed considerable progress in recent years. Common stock currently selling over 15 times its average earnings of past three years	43	2.3	B2

<b>TEXAS CORPORATION.</b> —Recent acquisition of California Petroleum Corp. makes this concern the fourth largest petroleum enterprise in the United States. Heretofore, principally a refining company with one of the dominant marketing organizations in the southwest, now well fortified in crude oil supplies.			
<b>Capital Stock (\$3.00)</b> —No funded debt (except 18 million California Petroleum debentures not assumed by new company) and no preferred stock. Strong financial position and good future prospects from an operating standpoint....	60	5.0	A

<b>TEXAS PACIFIC COAL &amp; OIL COMPANY.</b> —Principally a producing company with extensive acreage in Texas and Oklahoma. Coal lands not being operated at present, but have a reserve of 34 million tons which eventually may become an added source of revenue to the company.			
<b>Capital Stock</b> —Company has no funded debt or preferred stock and is conservatively capitalized in common stock. High book value for the stock but earnings have been quite irregular in past years .....	14	..	B1

<b>TIDE WATER ASSOCIATED OIL CO.</b> —Formed to control Tidewater Oil and Associated Oil, both complete units in industry, but refining activities predominate with former and producing with latter. Combined properties extend from coast to coast.			
<b>Associated Oil 6s, 1935</b> —Issue of subsidiary component company. Not secured by mortgage nor guaranteed but well protected by earnings.....	102	5.6	A
<b>Preferred Stock (\$6.00)</b> —Present margin of earnings over dividends not excessive but combined company has had little opportunity to show true worth based on record of two predecessors. Convertible for 8 years into 2 shares of common for each share of preferred...	86	7.0	A
<b>Common Stock</b> —Although dividend was eliminated last year, share earnings are currently showing up better, amounting to 20 cents in March quarter. Logical possibilities in this direction as yet unrealized.....	17	..	A

**TRANSCONTINENTAL OIL CO.**—Essentially a producer with no settled earning power as yet developed. Prospects revived through

heavy production in Yates Pool in West Texas, commercialization of which is awaiting construction of pipe line facilities.

**7% Notes, 1930**—Only 4 millions outstanding, but little equity in earnings so far. Price held up by warrants to purchase common stock at \$12 a share. Market on N. Y. Curb.....

**Preferred Stock**—No dividends paid. Accumulations amount to nearly 30%..

**Common Stock**—Much speculative activity based on prospects of production brought in in West Texas. This constitutes principal grounds for whatever prospects there may be of developing earning power .....

**UNION OIL CO. OF CALIFORNIA.**—One of leading and most consistently prosperous oil enterprises in United States with properties in California and elsewhere, including interests in South America.

**1st 5s, 1931**—1st 5s, having early maturity, are secured on practically all real property of company; Series A 6s on certain specific property; while Series C 5s are merely direct obligation. Aggregate interest covered around ten times over .....

**Series A 6s, 1942** (See 1st 5s, 1931)....

**Series C 5s, 1935** (See 1st 5s, 1931)....

**Capital Stock (\$2.00)**—Earnings have held up during oil depression in striking fashion. Share earnings \$2.65 last year and 66 cents in first quarter of 1928. Low yield does not detract from its inherent qualities .....

**VACUUM OIL CO.**—Member of original Standard Oil group, specializing in manufacture of high grade trade-marked lubricating oils. Prosperity maintained due to price stability of its products, and low crude prices were actually of benefit. Extensive export business.

**Capital Stock (\$3.00)**—Earned \$5.09 on present share capital which gives effect to 100% stock dividend recently declared. Indications point to maintenance of earnings and continued growth

**WARNER-QUINLAN CO.**—Originally asphalt company, this branch now subordinated to oil activities of all kinds, although on a moderate scale in comparison with leading interests. Its gasoline widely distributed in New York, New Jersey, and Pennsylvania.

**Convertible 6s, 1942**—Not secured by mortgage, but interest earned by wide margin, and proximity of convertible price to present market for common lends speculative as well as investment attraction .....

**Common Stock (\$2.00)**—Preceded by small amount of unlisted 6½% cumulative preferred convertible into common on same basis as bonds. Earnings well maintained during oil unsettlement, and new acreage in Texas recently acquired will help to supply directly expanding crude oil requirements of refinery .....



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That sums up the testimony of hundreds of users of the Addressing Multigraph, a machine that turns out a complete letter and addressed envelope at every revolution of the drum. The date and salutation are filled in, the body of the letter is printed, the letter is signed in ink, and the envelope is addressed—at a rate of from 600 to 1,000 an hour. The mechanical perfection of these letters comes from printing all but the signature through the same ribbon at the same time. The low cost comes from speed of the complete operation and from Multigraph efficiency.

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The ALEXANDER HAMILTON	Paterson, N. J.
The STACY-TRENT	Trenton, N. J.
The PENN-HARRIS	Harrisburg, Pa.
The TEN EYCK	Albany, N. Y.
The ONONDAGA	Syracuse, N. Y.
The ROCHESTER	Rochester, N. Y.
The SENECA	" "
The NIAGARA	Niagara Falls, N. Y.
The LAWRENCE	Erie, Pa.
The PORTAGE	Akron, Ohio
The DURANT	Flint, Michigan
The PRESIDENT	Kansas City, Mo.
El CONQUISTADOR	Tucson, Ariz.

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The MOUNT ROYAL	Montreal
KING EDWARD HOTEL	Toronto
ROYAL CONNAUGHT	Hamilton
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The PRINCE EDWARD	Windsor
The ADMIRAL BEATTY	Saint John, N. B.

\* Opening November, 1928

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**UNITED HOTELS**  
COMPANY OF AMERICA  
Executive Offices: 25 W. 45th St., N. Y.  
Affiliated AMERICAN HOTELS CORPORATION

## McCRORY & CO.

(Continued from page 475)

retical maximum in respect of per unit profits, McCrory still has material room for expansion. In other words, it is in a position to expand earnings not alone through direct enlargement of sales, but is also situated to accomplish a comparatively more rapid increase by continuing the improvement in ratio of net profits to gross business.

The 376,721 shares of outstanding common stock rank equally with the 79,946 shares of Class B, except that the latter have no voting power. Both issues are preceded by 5 million dollars of 6% convertible preferred and 8.70 millions of bonds, including an issue of 5.8 millions 5½% debentures. Current dividend requirements of \$2 a share for the junior stocks compare with net profits of \$4.80 a share earned in 1926 and \$5.26 a share last year.

At prevailing market levels around 86, the common stock should have a distinct appeal to those who recognize that chain store issues habitually sell on a very low yield basis, but who are willing to concede this disadvantage in expectation of benefits to be realized over the long term.—R. E. S.

### Important Corporation Meetings

Company	Specification	Date of Meeting
Barnet Leather	Directors	7-16
Missouri-Kansas-Texas RR.	Directors	7-16
Pan Am. Western Corp.	Postponed Spec.	7-16
Chesapeake & Ohio Ry.	Directors	7-17
Chrysler Corp.	Special	7-17
Hocking Valley RR.	Directors	7-17
Intertype Corp.	Directors	7-17
Kraft-Phoenix Cheese	Directors	7-17
Madison Square Garden Corp.	Dividend	7-17
Munsingwear, Inc.	Com. Div.	7-17
National Cash Register	Directors	7-17
Newmont Mining Corp.	Directors	7-17
Remington Rand, Inc.	Directors	7-17
Youngstown Sheet & Tube	Directors	7-17
American Tel. & Tel.	Directors	7-18
Auto Strop Safety Razor	Directors	7-18
Butterick Co.	Directors	7-18
Commercial Solvents	Directors	7-18
Cuban-American Sugar	Directors	7-18
Gold Dust Corp.	Directors	7-18
Kelsey-Hayes Wheel Corp.	Directors	7-18
Northern Pacific Ry.	Directors	7-18
Republic Iron & Steel	Directors	7-18
Vanadium Corp. of America	Dividend	7-18
Waldorf System, Inc.	Directors	7-18
Adams Express	Directors	7-19
Cheesebrough Mfg.	Directors	7-19
City Investing	Directors	7-19
Continental Insurance	Directors	7-19
Fidelity-Phoenix Fire Ins.	Directors	7-19
Glidden Company	Directors	7-19
Houston Oil of Texas	Pfd. Div.	7-19
International Harvester	Directors	7-19
Louisville & Nashville RR.	Directors	7-19
Magma Copper	Directors	7-19
Texas Gulf Sulphur	Directors	7-19
U. S. Cast Iron Pipe & Foundry	Directors	7-19
Ward Baking	Directors	7-19
Weston Electrical Instrument	Directors	7-19
Gulf. Mobile & Northern RR.	Directors	7-20
Coca-Cola Co.	Directors	7-23
Union Oil of California	Directors	7-23
American Safety Razor	Directors	7-24
Chile Copper	Directors	7-24
Congoleum-Nairn	Exec. Comm.	7-24
Gimbel Bros.	Directors	7-24
N. Y. N. H. & Hartford	Directors	7-24
Norfolk & Western RR.	Com. Div.	7-24
Parine Mines & Enterprises	Directors	7-24
Western Dairy Products	Directors	7-24
Air Reduction	Directors	7-25
American Tobacco	Com. Div.	7-25
Atlantic Gulf & West Indies	Directors	7-25
Curtiss Aeroplane & Motor	Dividend	7-25
Delaware & Hudson	Directors	7-25

## AMERICAN COMMONWEALTHS POWER CORPORATION

New York — St. Louis

### DIVIDEND NOTICE

The Board of Directors of American Commonwealths Power Corporation has declared the regular quarterly dividend of \$1.75 per share on its First Preferred Stock, Series "A", payable August 1, 1928, to Stockholders of record at the close of business July 14, 1928.

There has also been declared a regular quarterly dividend of \$1.62 per share on the First Preferred Stock, \$6.50 Dividend Series, payable August 1, 1928, to Stockholders of record at the close of business July 14, 1928.

There has also been declared the regular quarterly dividend of \$1.75 per share on the Second Preferred Stock, Series "A", payable August 1, 1928, to Stockholders of record at the close of business July 14, 1928.

Checks in payment of dividends will be mailed.

FREDERICK E. WEBSTER,

Treasurer.

July 5, 1928.

## KEEP POSTED

### SERVICE ON FOREIGN SECURITIES

Through the cooperation of its correspondents in principal European cities, a prominent Stock Exchange house renders service on foreign securities comparable in every respect to its service on New York Stock Exchange securities. If you are interested in foreign securities you should send for (477).

### A LISTED STOCK

with profit possibilities has been analyzed by an old established Stock Exchange house. Send for your free copy. (478).

### THE PARTIAL PAYMENT

method of purchasing good securities in odd lots and full lots on convenient terms is explained in a free booklet issued by an old established New York Stock Exchange House. (284).

### BOND RECORD

A convenient record book for listing bond holdings, interest payments, profits, etc. Title heading of book, "My Investments." A limited number is being distributed gratis by a leading Bond House. (285).

### "RULES FOR SAFE INVESTMENT"

Knowledge gained over a long period of years makes it possible to determine whether a given spot in a city will have a growth in property value which will be steadily increasing. This is only one of the important factors of safety of Real Estate Bonds which are explained in this booklet. (327).

### "INVESTING FOR SAFETY"

The newest publication of S. W. Straus & Co., 565 Fifth Ave., New York City, describes in detail the methods followed by this organization in underwriting first mortgage real estate bond issues. (217).

### CONSISTENT INVESTMENT SUCCESS

The sound investment principles followed by the Brookmire Service and the adaptability of these principles to the requirements of every investor, large or small, is described briefly in this interesting booklet. (418)



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THE GOODYEAR TIRE & RUBBER CO., INC.

## INSURANCE DEPARTMENT

(Continued from page 489)

Insurance Editor:

I have been paying \$32 per year for a Sick and Accident Policy whose principal sum is \$2,000. While it is well worth \$2.50 per month for me to carry this I have been wondering, in view of the fact that most old line companies have Disability and Double Indemnity features, whether this annual payment could be utilized to better advantage. Also could I have disability and double indemnity features inserted on life insurance policies that are now from 5 to 15 years old, and is it advisable. Have been subscriber for last ten years and enjoy your department very much. Your comments will be highly appreciated. Yours very truly, H. E. H.

You have omitted to state your age, and the companies in which your life insurance is carried, and these are interesting factors in answering your inquiries.

You will of course remember that the Disability Benefit offered for inclusion in life insurance policies refers to *Total and Permanent Disability*, and this disability (which prevents the insured from following any gainful occupation), is presumed to be permanent in most life companies *after disability has continued for three months*. Some of the usual claims made under the Disability Benefit in life policies are those resulting from tuberculosis, paralysis, nervous diseases, the irrecoverable loss of both eyes, or of both hands or feet. Sometimes the tubercular patient whose illness has been presumed as *permanent* after the usual companies' three months' interval, will enter on the benefits of his Disability clause, and—if his tuberculosis is in the early stages and he gives himself up to proper treatment—he will later recover and be able to enter business life again. In such cases the payments under his Disability Benefit cease and premiums under his life insurance must be resumed upon his recovery of health.

If you were to break a leg and be laid up for six or eight weeks, and then regain normal use of the limb, the Disability Benefit under a life insurance policy would not then be operative. Under these conditions your Sickness and Accident Policy mentioned in your letter would be useful.

You could obtain a life insurance policy for \$1,000 with the full Disability Benefit (waiver of premiums and 1% per month of the face amount of policy), and the Additional Accidental Death Benefit (double the amount of the policy in case of death by accident) for about the following rates (non-participating):

Age 35.....	\$23.75 annually
Age 40.....	28.45 annually

If, as we assume, you are now under age 55, it is quite possible that you can have the Disability Benefit included in existing policies, after a satisfactory medical examination. You should, however, communicate direct with the companies in which your policies are carried and get their ruling on this matter.

# in this market

Where investment yields are split three ways—market-wise buyers choose Fisks. The tires that pay bigger dividends on all three counts—riding comfort, steering ease and mileage.

# FISK



# Following the Sun!



N days gone by, a wise old man in the East commented on the rapidity of travel. Said he, if one started with the sun and journeyed with the sun, it would take but a day to go around the world.

In our tour of the universe, on the good ship *\*\*Worldling*, we do not move as rapidly as that, even though we sail on one of the fastest liners, for there are so many interesting places to stop and visit. We do, however, "follow the sun," for the trip is planned to meet the best climatic conditions in every land.

The "All ashore! Who's going ashore!" sounds; the sirens shriek, the engines heave, and we're off, hot on the trail of old Sol.

We cross the bounding main and make a short stop in France, to send some tourists up through the Scandinavian countries. They return and tell us the stories they gathered in Denmark and Norway about the Norsemen, those hardy seafarers of ancient times, and the beautiful panorama they saw in Sweden, "The Land of the Midnight Sun."

Then to the south we lay our course and pass the Rock of Gibraltar. Through the Strait and up the blue Mediterranean to the French Riviera. Nice, Monaco, Monte Carlo—at the height of the social

season. From far and wide they come, cosmopolitan men and beautiful, charming women to make up the gay whirl.

Aboard again and on to Greece. Here still stands the marks of an ancient glory. Time, seemingly, has spared many of the beautiful columns for us.

On to Cairo goes the *Worldling*. Here we first feel that strange lure of the East, and there, in the shadow of the Sphinx, all who come try to solve its riddle.

Over in Syria we are entranced by the beauty of the native dances and behold the stoical calm with which prospective purchasers view the gyrations of the slave girls. Then down the Red Sea which engulfed the pursuing army of Pharaoh while the fleeing Hebrews passed dryshod to the other side. We stop awhile at Arabia where stalwart ships of the desert, camels, await to carry us over trackless wastes.

A long sail on the Arabian Sea brings us to India. The colorful bazaars in the market place—the massive elephants with a *howdah* strapped to their backs for passenger conveyance—all make unforgettable memories of this land of mysticism.

Across the Indian Ocean and through the Bay of Bengal brings us to China. What a country of contrasts! They look upon the friendliest of us as savages; yet we call them heathen. Rangoon, Mandalay, and

Shanghai ring through the pages of song and history. Here, the "coolie cab," or ricksha, is the favorite means of getting anywhere.

Into the Land of the Rising Sun we go, and to keep apace with that daily traveler, we journey to Japan. From the deck of the *Worldling* we catch sight of Fujiyama, that mountain that has figured so largely in the life and art of the people. Cherry Blossom Time in Japan turns the country into a festival of fairyland.

The Paradise of the Pacific beckons, *aloha!* Hawaii. Diamond Head, shaped like a crouching lion, marks the eastern approach to Honolulu. At Honolulu, too, is the famous beach of Waikiki, backed by palms and algeroba trees. Here, the national pastime, surfboard riding, holds full sway.

"All ashore! Who's going ashore! All ashore! Who's going ashore!" Sirens shriek, engines heave, and to the waving of hands the *Worldling* goes forth again, and the next stop is U. S. A.



Ask your local banker about the Travel Club idea. If he hasn't got a club, have him write us for full details. Bankers everywhere know us and have every confidence in our recommendations.

*\*\*The Worldling* is a composite picture of many ships. Write us if you are interested in a trip. This coupon is for your convenience.

\* Courtesy International Mercantile Marine Co.

† Courtesy Hamburg American Line.

‡ Courtesy Dollar Steamship Co.

Travel Bureau, The Magazine of Wall Street,  
42 Broadway, New York, N. Y.

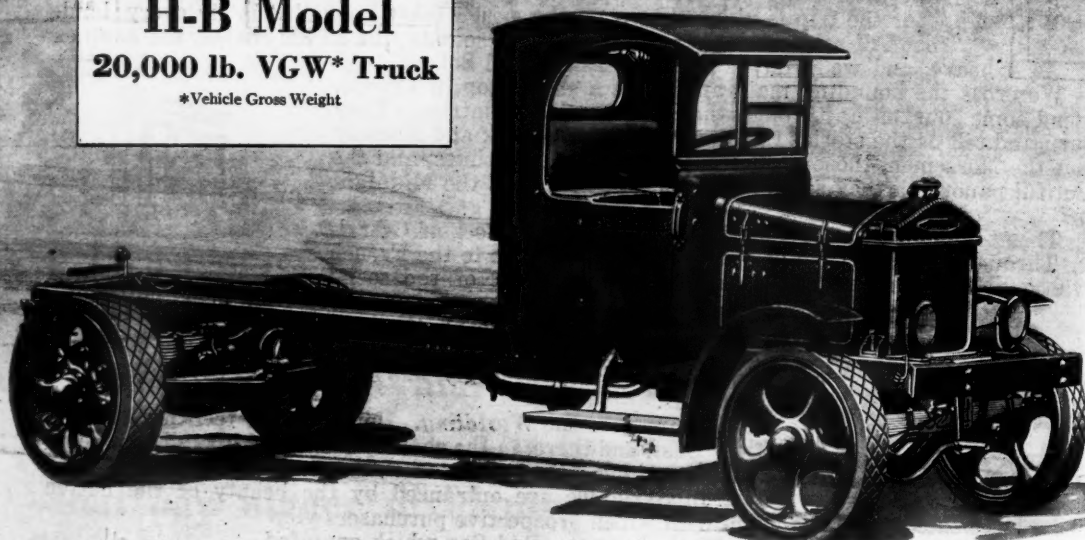
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Name .....

Address ..... July 14-28

# IT'S HERE THE NEW PIERCE-ARROW

**H-B Model**  
**20,000 lb. VGW\* Truck**  
\*Vehicle Gross Weight



**7 SPEEDS  
FORWARD**  
**2 SPEEDS  
REVERSE**



**A  
100,000 MILE  
WORM DRIVE**

## Hauls a 5-ton pay load legally on any highway

### Multispeed Transmission

World-famous Pierce-Arrow dual-valve, dual-ignition engine gives 25 per cent more power, uses 25 per cent less gasoline

A new day in transportation requirements... a new day in highway restrictions... a new Pierce-Arrow truck for these needs of today.

Stauncher, but lighter in weight, it hauls with speed a 5-ton load—and conforms with the 20,000-pound Vehicle Gross Weight laws effective in many states.

Its Multispeed Transmission has a high range of speeds for fast, economical running on smooth

stretches; a low range with tremendous reserve power for forging through "heavy going" or for pulling out of deep excavations.

Its power plant is the famous Dual-Valve, Dual-Ignition Pierce-Arrow engine. It develops 25 per cent more power—and saves 25 per cent in fuel.

Its worm gear drive, pioneered 17 years ago by Pierce-Arrow, operates

**13' Wheelbase, \$4500**  
**15' Wheelbase, 4550**  
**16' 6" Wheelbase, 4600**

For chassis only, at Buffalo

Pierce-Arrow trucks may be purchased, if desired, under attractive financing arrangements.

silently in a bath of clean oil. It is designed to deliver 100,000 to 200,000 miles of efficient, trouble-free service.

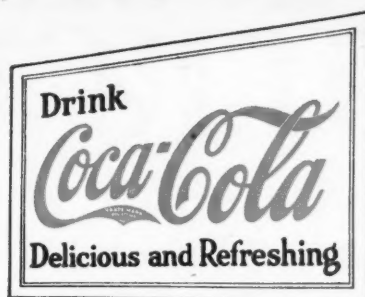
Drivers like its easy steering, its ability to turn short.

Built like all Pierce-Arrow trucks have been built—to yield 12, 15 and even 17 years of service, the new H-B model carries more loads with fewer idle hours and with greater profit than any previous Pierce-Arrow heavy duty truck.

The Pierce-Arrow distributor in your locality will prove this. Ask him about it.

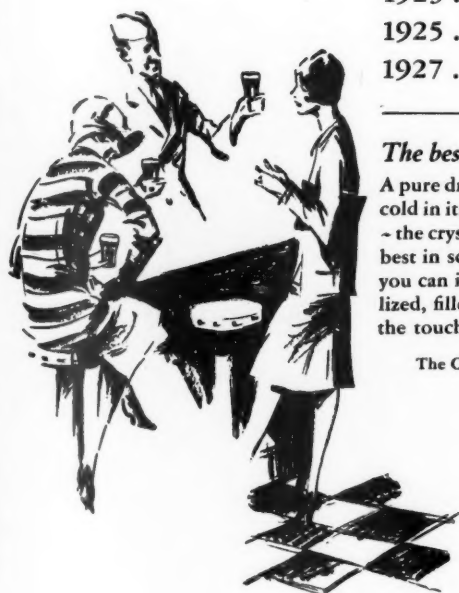
**Commercial Car Division, THE PIERCE-ARROW MOTOR CAR COMPANY, Buffalo, N. Y.**

# From 8 drinks a day in 1886 to 8 million a day in 1928



Because the wholesome refreshment of Coca-Cola makes a little minute long enough for a big rest~

1886.. 8 a day  
1891.. 7 thousand a day  
1896.. 40 thousand a day  
1901.. 165 thousand a day  
1906.. 740 thousand a day  
1911.. 1<sup>3</sup>/<sub>4</sub> million a day  
1916.. 3<sup>1</sup>/<sub>2</sub> million a day  
1921.. 5<sup>1</sup>/<sub>2</sub> million a day  
1923.. 6 million a day  
1925.. 7 million a day  
1927.. 8 million a day



## *The best served drink in the world*

A pure drink of natural flavors served ice-cold in its own glass and in its own bottle - the crystal-thin glass that represents the best in soda fountain service; the bottle you can identify even in the dark, sterilized, filled and sealed air-tight without the touch of human hands. Coca-Cola!

The Coca-Cola Company, Atlanta, Ga.



8 million  
a day

IT HAD TO BE GOOD TO GET WHERE IT IS

H A V E A

C A M E L



*"Personally, I smoke for pleasure"*

When enjoyment is the first  
consideration, the overwhelming choice is

CAMEL

L

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